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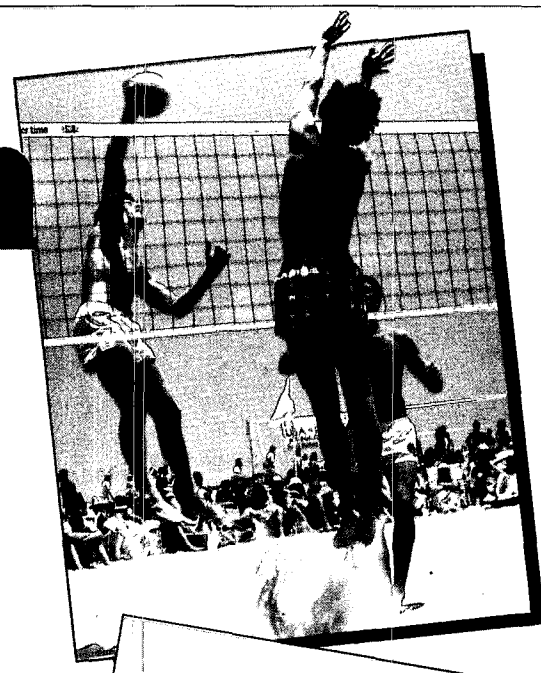

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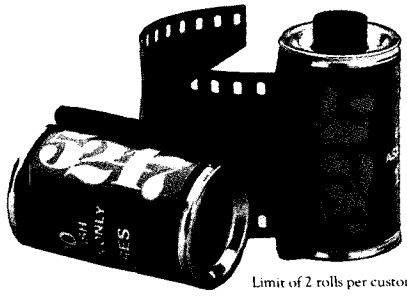

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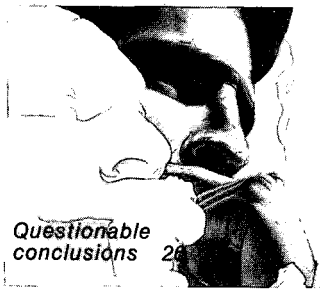

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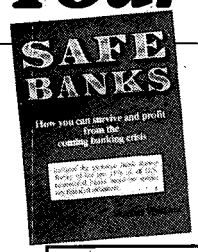

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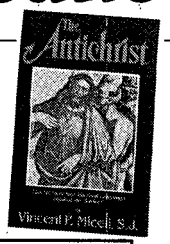

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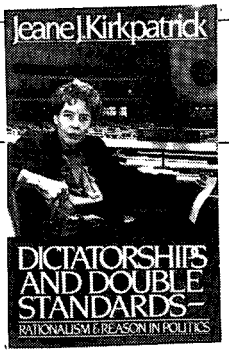

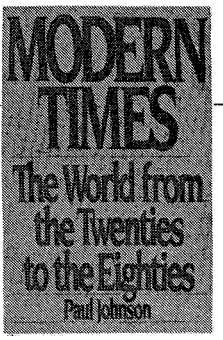

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letters

Order without Orders: The Evolution of Human Cooperation

Regarding Joseph Martino's "Could Hobbes Trounce Hayek?" (Feb.): The reason why people find it so difficult to conceive that the extended order of human cooperation (or the human cosmos) is not the result of anyone deliberately ordering it, but the outcome of a process of selective evolution, is that they mistakenly believe it to be guided by a selection of individuals. This implies a selection by individual intelligence.

This erroneous belief is, however, a result of their account of evolution being formed in imitation of the Darwinian biological evolution that indeed rests, at least chiefly if not wholly, on the selection of individuals. The much older theory of cultural evolution (of law, language, and morals) rests, however, on group selection. This means that men need never to have desired or understood what happened. It also means that all rationalist accounts of the evolution of law and morals, from Hobbes to utilitarianism, are wrong.

Men never knew why some practices enabled some groups to multiply so much more effectively than some others. Those rules did prevail which, without the people knowing or intending it, helped them best to proliferate. As David Hume knew: "The rules of morality are not the conclusions of our reason," and not only did the "three fundamental laws of nature...of the stability of possession, of its transferability by consent, and the performance of promises" succeed because they favored the "partition of employment," but in a like manner also "are languages gradually established by human convention without any promise."

F. A. Hayek
Freiburg, West Germany

Chronicles of Fact, Or Tales of Fiction?

Jack Wheeler writes very well—interesting, colorful, with feeling ("Fighting the Soviet Imperialists: The Khmer in Cambodia," Feb.). But he writes docudrama—historical fact blended with fiction. Unfortunately, it constitutes a false history, demonstrably false.

I do not want anything I say in critiquing Wheeler's work to be interpreted as being supportive of Vietnam, the Soviet Union, or, least of all, Pol Pot. However, if Wheeler wants to engage in criticism, it should not be based on arguments of convenience and selective use of fact. Please consider these points:

- Wheeler conveniently ignores the role of the United States in the destabilization of Cambodia. He also ignores the long histories of bitter conflict between Vietnam and both Cambodia and China. Rather than being as close as "lips and teeth," the alliance between Vietnam and China during the war was uneasy from the start and quickly fell apart once the United States was defeated. As did many scholars, anyone knowledgeable in the history of the region could have predicted hostilities between Vietnam and China and the Khmer Rouge once the common enemy, the United States, was removed.
- Wheeler neglects the role of the Chinese in the disintegration of Cambodia. He fails to point out that the Khmers became a viable force in Cambodia only after Sihanouk was overthrown. Sihanouk allied himself with the Khmer Rouge with reluctance and trepidation, because the Chinese refused to support him otherwise. Consequently, Wheeler and the KPNLF probably are dreaming (especially given their defeats in the recent Vietnamese offensive) in their feeble argument that the Chinese might abandon the Khmer Rouge if the KPNLF can be more successful against the Vietnamese.
- Wheeler's description of life in the refugee camp at Rithysen and his implied argument of how life would be under a KPNLF Cambodia smacks of simplistic wishful thinking. Numerous other idyllic descriptions of life among people struggling to rid themselves of tyrants, laced with implications that this is how life will look in the liberated country, have been followed by hard realities which bear little resemblance to such visions. I would be tempted to believe Wheeler here if the rest of his article were more believable. But I must be suspicious, for his descrip-

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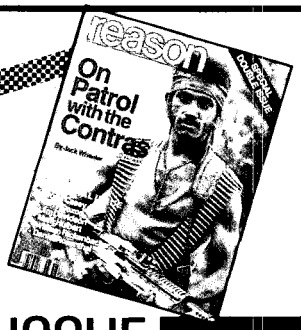

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letters

tion of this may be no more than the selective perception of a prejudiced mind insisting on black-and-white delineations.

Samuel Freeman
Edinburg, TX

Mr. Wheeler replies: Responding to a letter as hysterical and confused as Mr. Freeman's—REASON readers only see the edited version—is a distasteful task.

That the United States is somehow responsible for unleashing the horror the Khmer Rouge perpetrated upon the Cambodian people is a tired and disgraceful cliche. Further, "anyone knowledgeable in the history of the region" understands that while the *North* Vietnamese, or Tonkinese, have had ancient hostilities with China, it is the *South* Vietnamese, or Annamese, who have ancient hostilities with Cambodia. Cambodia is several hundred miles from North Vietnam, and there is no history of animosity between the two. Yet it is the North Vietnamese who have conquered Cambodia, as they have all of Indo-China. The reason is not ethnic hatred but that Marxism is inherently aggressive and imperialist, and Marxist North Vietnamese have been enabled to be so through massive military support of the Soviet Union.

The leadership of the KPNLF has a long history of trying to achieve democracy in Cambodia. I reported what I saw at Rithysen with my own eyes—if Mr. Freeman is suspicious, too bad. I tried to convey the subtleties of the KPNLF's predicament with China, which seem to be beyond his grasp.

Socialism with a Pragmatic Mask

I didn't realize that along with my subscription that I'd be getting reprints from *The Nation*. I am referring to M. Perez's article, "Socialism with a Pragmatic Face" (Mar.).

Such accomplishments! Spanish socialist politicians have abandoned, to some

(Continued on p. 65)

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Death in Ethiopia: Who's to Blame?

Lynn Scarlett

One million people may die in sub-Saharan Africa during the current famine. Hardest hit by the famine is Ethiopia, especially its northern provinces of Eritrea and Tigre. The famine is widely perceived to be the result of a severe drought, a perspective nurtured by Comrade Mengistu Haile Mariam, Ethiopia's self-appointed strongman. Wanting not to shoulder any blame for the current epidemic of death, Mengistu has used an ongoing drought as a convenient scapegoat.

But the vagaries of nature are not primarily responsible for the misery now devastating Ethiopia's northern population. Mengistu would do well to ponder the words of Shakespeare's Cassius: "The fault, dear Brutus, is not in our stars, but in ourselves."

Mengistu rode into power on a wave of high expectations after ousting Emperor Haile Selassie in 1974. His overtly Communist regime implemented land reforms with much hoopla and predicted, as recently as 1981, that food would no longer be a problem. The land reform, initially hailed by peasants who had paid up to 75 percent of their crops in rent to feudal landlords, soon led to disappointment: peasants were now required to give the fruits of their labor to the state at prices set deliberately low. Nor did the peasants *acquire* any land through the reforms. Instead, most land came under state control.

With the land reforms came other agricultural interventions. Imitating the ill-conceived strategies so prevalent in other sub-Saharan African states, Mengistu imposed ceilings on food prices. The goal: to keep food affordable for the politically powerful urban populations. The result: a stifling of peasants' incentives to produce food. Since Mengistu came into power, agricultural production has virtually stagnated. In 1974, Ethiopia produced 4.35 million metric tons of cereal. By 1981, the figure had risen only slightly to 4.37 million metric tons.

Mengistu cannot be blamed for the drought itself. He *can* be blamed for the inability of people in the afflicted areas to prepare for drought and respond as they have historically done in the past. The northern regions of Ethiopia have long been subject to periodic drought and low rainfall. Nonetheless, the area was relatively self-sufficient in food until the late 1960s. Inhabitants adapted to droughts with a combination of foresight—hoarding surpluses from good years and saving capital—and mobility.

Mengistu outlawed both hoarding and saving money earned from past harvests. Saving is considered a capitalist, and therefore unacceptable, practice. Transporting food from one area to another is also outlawed as a form of exploitation. This might partly explain the largely unreported fact that some regions within Ethiopia actually had food surpluses this past year while hundreds of thousands were dying in neighboring provinces.

Incredible as it may seem, even the drought itself may be more than an act of nature. The recent frequency of drought in the region may have been at least partly induced by a rapidly growing population that has led to overgrazing, overcultivation, and deforestation. Some of this population growth is the result of high birth rates. But some is also the result of populations increasingly migrating into marginal areas as they escape the ravages of a civil war that plagues their traditional homeland.

Mengistu inherited the civil war, which has been going on for over 20 years. But he has done little to resolve the conflict. Shortly after coming into power, he negotiated a $2-billion purchase of arms from the Soviet Union to bolster his forces fighting northern rebels and ethnic Somalians on Ethiopia's eastern border. Fully 30 percent of Ethiopia's budget is devoted to military expenditures, partly to maintain a 300,000-strong army, the largest in sub-Saharan Africa.

In addition to pushing populations into marginal semi-arid regions, the fighting has taken a toll on farming throughout the northern provinces. Less than 20 percent of fertile land is now under cultivation in some areas where farmers fear working under heavy guerrilla crossfire. To make matters worse, the farming population has steadily been drafted into Ethiopia's army. Soviet-made MIG jets destroy crops through systematic bombing of the rebel provinces.

There is considerable evidence that Mengistu is exploiting the famine to strengthen his own foothold in the rebel provinces. He seized an Australian food shipment bound for the rebel provinces and defended the action by saying the shipment amounted to interference with Ethiopia's internal affairs. Famine victims from the northern provinces who seek help in government relief centers are forcibly resettled in the south or conscripted into the Ethiopian army. According to relief officials in Sudanese refugee camps, Ethiopians arrive in the camps as much to flee from MIG fighters and helicopter gunships as from the ravages of the famine.

Tragically, there is no end in sight to the misery of the Ethiopians. The drought itself may pass. Some even question whether it really has been as severe as the media and government officials have made it out to be. Meteorologist Douglas Le Comte, chief assessor of the National Oceanic and Atmospheric Administration and consultant to the World Meteorological Organization, reported in March that there are no meteorological reasons for the magnitude of the Ethio-

pian tragedy. Rainfall in most parts of Ethiopia is either normal or only slightly below normal. Only one region, which typically accounts for a mere 15 percent of Ethiopia's agricultural production, is experiencing a severe drought.

Le Comte pointed out that, in contrast to Ethiopia, Kenya has been stricken with the worst drought in this century. Nonetheless, people are not dying en masse, because the Kenyan government, unlike Ethiopia's, has not so radically restricted the ability of its population to cope with drought. The real responsibility for the deaths now occurring in Ethiopia lies with its government.

Mengistu is stepping up his plans to convert all agricultural production into state farms or collectives. He has made it difficult for individual peasants to obtain seed, fertilizer, or credit. He has repeatedly rejected World Bank suggestions that he alter his agricultural policies. He continues to pour scarce resources into military operations. Then, when the larder is bare, he unleashes rhetoric accusing the developed nations of stinginess in their aid.

Aid can't solve Ethiopia's problems. Only fundamental changes in policy that would allow farmers the freedom to produce and market their goods without constraints can provide a buffer against drought, famine, and starvation.

We Must Touch The Untouchable

Robert W. Poole, Jr.

Here's a quick quiz for today: (1) Which age group in America has the highest per capita income? (2) Which age group in America has the lowest rate of poverty? (3) Which age group in America did best economically during the 1970s?

If you answered "those 65 and over," congratulations. The elderly in this country average $6,229 in income per capita—$335 more than the national average. Their poverty rate, after allowance for in-kind benefits, is just 3.3 percent—one-third that of the rest of the population. And while the average workers' real income has declined by 7 percent since 1970, Social Security payments have gone up by 46 percent in real terms.

You might think, therefore, that of all the so-called entitlement programs, those which benefit our nation's best-off citizens—Social Security and Medicare—would be among the prime targets for budget cutters. Yet somehow, the mere fact of being old is taken as an ironclad claim on other people's money.

It is, of course, true that elderly citizens vote more readily than those in other age groups. In fact, they constitute some 38 percent of those who actually turn out on election day. However, sheer numbers and interest-group politics are not a sufficient explanation for the untouchability of Social Security. It is considered untouchable because most people think it is necessary and valuable.

This belief rests on several mistaken premises. The first is the assumption that the elderly are poor. In fact, *with* Social Security and other age-specific benefits, they are actually better off than the rest of us, on average. And even if there were *no* public assistance to the elderly, 45 percent of those 65 and over would be above the poverty line. Nearly three-fourths of all retired people own their own homes, and half of those homes are fully paid for. According to Commerce Department figures, retired people need to spend less than working people to maintain a comparable level of living, because they don't have work-related expenses or as much need to save.

More important is the mistaken belief that Social Security recipients are merely getting back money that belongs to them, as if they had purchased a retirement annuity. Would that it were so! In fact, as we all now realize, Social Security is a pay-as-we-go system. The money taken in from payroll taxes is paid out that same year to those drawing benefits. Moreover, the Supreme Court ruled explicitly in 1960 that the government does *not* have a contractual commitment to retirees; they are entitled only to whatever benefit levels Congress may from time to time decide upon.

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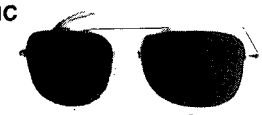

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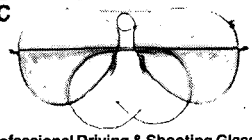

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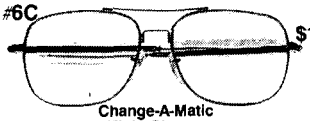

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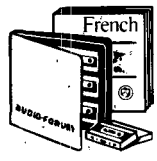

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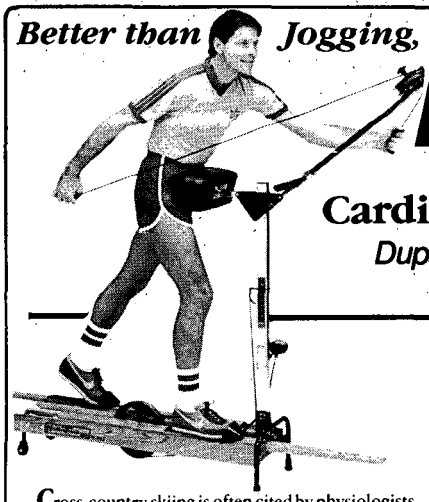

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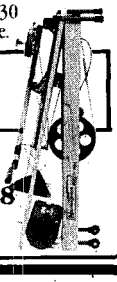

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editorials

return of an amount equivalent to what they paid in, plus a reasonable rate of return? After all, that's what they would have gotten if government had simply required people to purchase insurance for their retirement, instead of effectively nationalizing the retirement-security business. So let's look at those numbers.

Take a worker who began paying payroll taxes in 1937, when Social Security began, and worked until 1982—45 years in all. If he paid the maximum in payroll taxes, that would have amounted to a 45-year total of $12,828. He and his wife would be "entitled," by law, to *first-year* benefits of $13,217. In 1937, the average person did not even live to be 65. But today, a 65-year-old worker has an additional life expectancy of 14.2 years, and his wife's is 18.5 years. Their lifetime benefits will total $375,000—*28 times* the amount paid in.

By no stretch of our moral or mathematical imagination can the elderly be said to be *entitled* to such vast sums at the expense of today's working people. And at long last the younger people of this country are beginning to realize it. A group called Americans for Intergenerational Equity has just come into being and will have much to say about such issues in the years to come. If today's baby-boomers are to have any sort of retirement security, it's essential that we reform the insane Ponzi scheme we've all been saddled with.

In this regard, other Western countries are way ahead of us. Tax-funded, pay-as-you-go retirement systems are in similar trouble all over Europe—but are no longer considered untouchable. Cost-of-living increases have been eliminated or cut back in Belgium, Germany, and Italy during the past few years. More significantly, Great Britain has modified its system to allow people to opt out of all but the basic level of its tax-funded retirement system and to purchase private insurance instead. And Chile has gone all the way, allowing people to shift to a fully private system based on "individual retirement accounts" (IRAs).

Social Security *cannot* survive the combination of today's lower birth rates (too few workers to support the retirements of the baby-boomers) and greatly increased longevity. It will *have* to be replaced by an actuarily sound, private, IRA-type retirement-insurance system (plus charity or welfare for those of the elderly who actually are poor). But the longer Social Security remains politically untouchable, the more calamitous the inevitable transition period must be. ◧

notes

Best the Budgeteers! Apropos Doug Bandow's article on Reagan's failed budget revolution (see page 39), REASON announces the First Quadrennial Waste, Fraud, and Abuse Contest. Instead of winning a prize for the best guess at how many jelly beans are in the jar, you can win big by most accurately predicting the administration's initial budget request for fiscal 1989.

Back in 1981, Ronald Reagan told voters that Uncle Sam would be spending $760 billion of their tax dollars in fiscal 1985 (Oct. '84-Sept. '85). But when FY 1985 rolled around, he was off by $82 billion. Now he's telling us that 1989's budget will be $1.26 trillion. Here's your chance to find out whether his guess is any better than yours.

First prize will be two complimentary tickets to the Reason Foundation's 20th Anniversary Banquet, expected to be held in the spring of 1988. (The 15th Anniversary Banquet was a lavish affair at the Beverly Hilton in Los Angeles, with free-market luminaries from across the land; the 20th should be even more dazzling.) Second prize: the sheet music for "Hey, Big Spender."

To enter, send your budget projection, along with your name and address, to Waste, Fraud, and Abuse, c/o REASON, Box 40105, Santa Barbara, CA 93140. Only one entry may be submitted per person. All entries must be received by June 1, 1985.

First prize will be awarded for the Waste, Fraud, and Abuse entry that comes closest to the Office of Management and Budget's initial total budget request, in nominal dollars, for FY 1989 outlays. (It will probably be announced in early February 1988.) Second prize will go to the next-best projection.

Winners will be announced on April 15, 1988. Winners' names will be published in REASON and winners will be notified by mail, but it will be the entrants' responsibility to inform REASON, c/o Waste, Fraud, and Abuse, of changes of address. Ties will be broken by a flip of a gold coin. This contest is void where prohibited, wherever that might be.

Correction: On page 44 of the April issue (in "Congress's Conservative Young Turks"), the captions beneath the photographs of Reps. Bob Walker and Vin Weber were mistakenly transposed. We apologize to the congressmen and to our readers for the error.

Privatization Tour
Set for Take-Off

The Reason Foundation is helping to arrange a special study tour of three Northern European countries that have privatized a significant number of their services, especially at the local level. Under the auspices of the Washington, D.C.-based Council for International Urban Liaison, this traveling workshop is scheduled to visit London (England), Copenhagen (Denmark), and Hamburg (Germany). The group will leave from New York City on June 1 and return June 12. Tour participants will see actual examples of privatization first-hand and hear from European officials and experts (e.g., the Adam Smith Institute in London).

The total cost of the trip, including air fare, will be about $2,100 per person. Places are very limited, and reservations will be taken on a first-come, first-served basis. If you're interested in this once-in-a-lifetime opportunity, please immediately contact Philip Fixler, Director of the Reason Foundation's Local Government Center, at 1018 Garden Street, Santa Barbara, CA 93101.

The TV critics called it "provocative" — now you can see Walter Williams's arguments for yourself on video cassette!

"The State Against Blacks"

The 60-minute television program about Walter Williams's book on the harmful rules government makes — aired on over 100 public broadcasting stations — is now available on videotape.

Half video essay, with Dr. Williams's narrative comments; and half his debate with two proponents of today's policies, economist Bernard Anderson of the Rockefeller Foundation and Harlem Congressman Charles Rangel (in a discussion moderated by Charlayne Hunter-Gault); this program has stirred up controversy wherever it has been shown.

"'The State Against Blacks' ... is what editors call a 'springboard for discussion,' an airing of provocative views to encourage fresh thinking about old problems. The format works so well that, had the program lasted 10 minutes longer, the participants probably would been provoked into a fist fight."
Jon Anderson, TV critic, *Chicago Tribune*

"Dr. Williams is making an unpopular argument — abolition of laws that supposedly protect the poor; a return to a freer economy — but an argument provocative enough to deserve to be heard."
John Corry, TV critic, *The New York Times*

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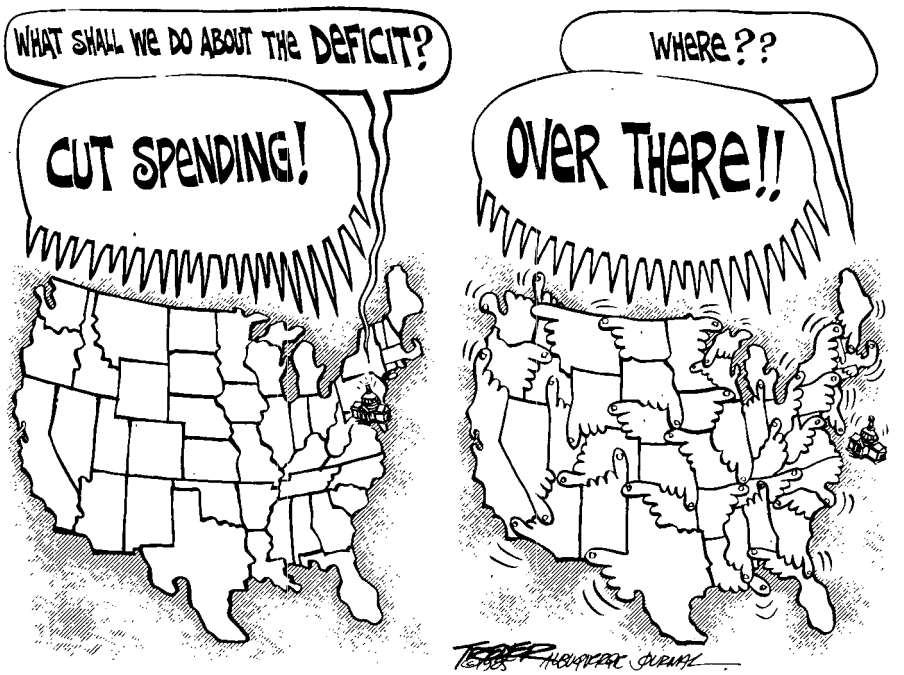
brickbats

Despite budget cutbacks and fewer agents, the IRS can't afford to let people think they're getting soft. So agents held nearly 20 children as hostages at an Allen Park, Michigan, day-care center until their parents signed a form pledging to pay the government what they owed the private center. The center had fallen more than $14,000 behind in taxes. The IRS decided the only remaining levy source would be the parents' debt to the center. Frightened for the safety of their children—several of whom were visibly disturbed and crying—all of the parents signed the IRS "notice of levy." IRS spokesman Walter Dunnigan says no one was held hostage and it was just a "routine seizure." The parents disagreed. "It was like something out of a police state," said Sue Stoia, the mother of a seven-year-old detainee. "They indicated you could not take your child out of the building until you signed their form. They were using the children as collateral."

The new elevated railroad in Miami cost only one billion dollars. Ridership is only 10,000 a day. It would have been cheaper to give each passenger $100,000. Meanwhile, back at the US Department of Transportation, the printing presses are rolling so that posters commemorating the 20th anniversary of the Urban Mass Transportation Administration can be displayed throughout the country. This comes at a time when UMTA's budget has been slashed to eliminate most transit grants. The ever-frugal New York City subway system has ordered 13,000 of the posters. Perhaps graffiti artists were running out of clean surfaces.

From the Why There's a Trillion-Dollar National Debt Department: The government buys more than half the honey produced in the United States, at a cost of $90 million. In 1984, wool producers got cash subsidies of $117 million. The wool they produced was worth $62 million. The Appalachian Regional Commission costs $420 million a year. Among the projects it funds are ski resorts, ice rinks, swimming pools, and wave machines for the pools.



Salad forks on the left—or else! It may soon be illegal to kill a servant in Mississippi. State legislators voted 114 to 0 to strike down a law that excuses the killing of another human being "when committed by accident or misfortune in lawfully correcting a servant" or a child. Don't applaud yet. It took the legislature two years to get the bill out of committee.

Madison Avenue, perhaps feeling guilty about peddling so many convenience products, is worried that not enough eligible Americans are applying for food stamps. So New York ad man Harvey Kipnis has prepared a series of public service ads to "reposition" food stamps in the marketplace. "Food stamps have a stigma because they have been positioned as welfare in the consumer's mind," he says. "We have to change the image by positioning them like Social Security, as something people are entitled to receive without feeling like criminals."

Be kind to rattlesnakes. That's the motto of the Pennsylvania fish commission, which banned the 200-year-old pastime of "snake-sacking." The sport features teams of contestants chasing rattlers around a small enclosure, scooping them up bare-handed, and stuffing them into a gunny sack. The events are generally staged to raise funds for volunteer fire and ambulance squads. But Clark Shiffer, the fish commission's endangered-species coordinator, says roughhousing could dislocate the vipers' vertebrae or tear their muscles. And he hints that the state might be overrun with rodents if rattlesnakes become scarce. Donald Clemmer, a volunteer fireman and champion snake-sacker, says of the fish commission: "These same people don't want you to fish because it hurts the fish's mouth."

Who says that government punishes initiative? A New York State regulation that imposes a $50 fine for motorists who don't wear seat belts has opened up a new market. A Woodmere, New York, company is manufacturing a "Pseudo Shoulder Strap," a 40-inch nylon sealt belt with a "quickie" Velcro attachment. The "strictly for show—not for safety" device is guaranteed to fool cops and toll collectors into thinking you're really buckled in.

—Mark Edward Crane

What is the single most important judgment you will ever make?

THE JUDGMENT YOU PASS ON YOURSELF.

Self-esteem is the key to success or failure.

SELF-CONCEPT IS DESTINY

"Tell me the standards by which a person judges his or her self-esteem," says pioneering psychologist NATHANIEL BRANDEN, "and I will tell you how that person operates at work, in love, in sex, in parenting, in every important aspect of existence—**and how high he or she is likely to rise.** The reputation you have with yourself—your self-esteem—is the single most important factor for a fulfilling life."

Your responses are determined by who and what you think you are. This is the key to understanding yourself and other people.

The greatest barrier to achievement is lack of self-esteem adequate to support it. The greatest barrier to love is the fear that we are unlovable. The greatest barrier to happiness is the sense that we do not deserve it.

Writes DR. BRANDEN: "People who achieve success in any aspect of life and are able to maintain and nurture that success, are people for whom **success feels appropriate.** A fulfilling life requires good self-esteem. Self-concept is destiny."

DR. NATHANIEL BRANDEN, best-selling author of The Psychology of Self-Esteem and The Psychology of Romantic Love, is a leader in the field of self-esteem enhancement. With his newest book, Honoring the Self, he brings to a climax his twenty-five year exploration of the role of self-esteem in human life.

In it he describes how an individual achieves self-esteem, tells why it is frequently lost, and shows how it may be regained **even in the face of various familial, religious, and social forces that subvert the experience of self-worth.**

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- how to recognize its presence or absence in others
- how to nurture self-esteem in children
- the role of free will in building self-esteem
- the psychology of emotions and how they can be changed
- how to grow in self-confidence and self-respect
- how to break free of guilt
- how self-esteem influences all the key areas of life
- the psychology of success in work and love
- how to be free of fear of others' disapproval
- how to manage fear of death
- the kind of social system that fosters self-esteem and the kind that subverts it
- how to "honor the self"—the ethics of rational self-interest

But this list does not do justice to the book's extraordinary comprehensiveness. It is a "crash course" on the human condition. A map of self and the world. In the years to come you will find yourself returning to it again and again.

"Profound and practical," comments world-renowned family therapist VIRGINIA SATIR. "A very important book with a very important message," writes psychologist-philosopher KEN WILBER. "Reading it was like sitting down to a banquetful of ideas—a feast of soul-satisfying thoughts that fed our lives on many levels, both personally and professionally," writes ADELE FABER and ELAINE MAZLISH, authors of Liberated Parents, Liberated Children. "Much wisdom and clinical insight," comments AMERICAN LIBRARY ASSOCIATION BOOKLIST. "Branden embodies the courage essential to self-esteem," writes MARILYN FERGUSON in Brain/Mind Bulletin.

To everyone struggling for self-esteem, to everyone longing for the experience of autonomy and personal integrity, and to everyone seeking to make sense out of the world, it for you this book is written.

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By ordering Honoring the Self now, you will receive YOUR CHOICE OF A SPECIAL BONUS—a new audio-cassette entitled The Psychology of Individualism in which Dr. Branden gives a "behind-the-scenes" perspective on the writing of Honoring the Self and leads the listener through some self-exploration exercises OR a copy of Nathaniel and Devers Branden's The Romantic Love Question-and-Answer Book.

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trends

UPI/BETTMANN NEWSPHOTOS

Don't Harm Us To Help Us, Say South African Blacks

Many US liberals and conservatives are calling for a federal ban on American investment in South Africa. Why? They contend that the withdrawal of economic support by American businesses would pressure the South African government into ending apartheid, the country's official racist policy. But many South African blacks, it appears, do not agree with this thinking.

In a recent poll of black production workers, a South African law professor, Prof. Lawrence Schlemmer of Natal University, found that a *75 percent* majority supports foreign investment and rejects "disinvestment," claiming that disinvestment would harm blacks economically and thus set them back in their struggle to win political equality.

Lucy Mvubelo, general secretary of the National Union of Clothing Workers of South Africa (the nation's largest union), articulated that position in a recent *Washington Times* op-ed piece. She noted that "foreign investment has created jobs for thousands of African workers who would otherwise be unemployed." She further observed that "the vitality of South Africa's economy offers more hope to South African blacks than destructive forms of pressure from abroad." The labor leader urged US legislators not to pass a disinvestment law, such as one that Sen. William Proxmire (D-Wis.) has proposed.

Mangosuthu Buthelezi, who chairs the South African Black Alliance, also opposes disinvestment. The head of the largest tribal group in South Africa, the Zulus, Buthelezi told a group of British businessmen visiting South Africa last year that disinvestment is "a wrong strategy, a misguided strategy, a strategy which does not aid the struggle for liberation."

Noted black American economist and syndicated columnist Walter Williams recently addressed the disinvestment issue, too, pointing out the bad logic of such a policy. "The more growth in the South African economy," he wrote, "the better for its black population." Williams asked the thought-provoking question, "Could the gains American blacks made during the boom years of the 1960s have been made during the Depression of the 1930s?"

Forcing American businesses to curb their South African investments would not only worsen blacks' situation by adversely affecting the South African economy. It might also reverse certain workplace reforms these businesses have initiated, ranging from abolition of segregation in the workplace to programs to improve housing, schooling, and other facilities for their workers.

Just months ago, 119 of these companies signed an agreement to actively seek an end to apartheid. American Rev. Leon Sullivan drafted the pledge, a refinement of his 8-year-old anti-apartheid code of conduct that 130 US firms support. Praising the companies' commitment to the new agreement, a *Los Angeles Times* editorial suggested that such action by US firms could be an important source of influence and pressure on the South African government.

Some analysts note that placing South Africa in economic isolation, as the Proxmire proposal would hope to do, might push South African apartheidists into an even more intransigent position. A US government specialist on Africa recently told the *Wall Street Journal* that South African whites "don't want to be isolated from the West, but once they believe they can't prevent it, there is no question that they'll tell the rest of the world to go to hell." *Journal* reporter Robert Greenberger noted that "signs of this siege mentality surfaced recently when South Africa's president, P. W. Botha, made clear that Pretoria's domestic policies wouldn't be influenced by outsiders."

Given such a mentality, it may be that peaceful political change is more likely to come as a result of an increasingly prosperous black population asserting its rights than through an attempt by well-intentioned American politicians to force South Africa into economic isolation.

Slot Sale Idea Gaining Altitude

Support is growing for the idea of selling airplane landing and take-off "slots" to reduce flight delays at busy airports. William Niskanen, as a member of the President's Council of Economic Advisers, urged the Transportation Department to permit airlines to buy and sell slots at busy airports. And Cornell University economist Alfred Kahn, who as head of the now-defunct Civil Aeronautics Board in the Carter administration spearheaded airline deregulation, also supports the idea, as do the Justice Department and the Office of Management and Budget. Moreover, the Air Transport Association, a major airline-industry group, says that most airlines—both large and small—favor the slot-sale idea over a proposal that the Federal Aviation Administration regulate airline schedules.

The buying and selling of slots is being posed as a solution to the problem of flight delays caused by congestion. This is becoming increasingly worse at the nation's busiest airports, especially New York City's LaGuardia and JFK, Chicago's O'Hare, and Washington, D.C.'s National. Such congestion occurs primarily because airlines crowd their flights at popular times (at 9:00 A.M., for instance). Because airlines generally pay no more for landing and take-off rights at more-popular than less-popular hours, they all want to schedule as many flights as possible during "peak" hours.

The Transportation Department is reviewing a

number of proposed solutions to the problem. Niskanen urged that slots that are not yet allocated be auctioned to the highest bidders and that airlines then be permitted to buy and sell slots among themselves. "The airlines that would be selling their slots would be getting cash for their space, and the airlines buying the slots would get the space for cash," Niskanen explained. "Now, everybody in a transaction of this nature is better off." He further noted that such an arrangement is "most likely to lead to a reduction of fares."

Frequently, market-style reforms are given a big political boost by reality. As the current system becomes more and more untenable, the buying and selling of slots becomes more and more attractive.

Lawyers' Ads Courting Consumers' Favor

Since 1977, when the Supreme Court struck down state laws prohibiting lawyers from advertising, more and more attorneys have taken to hawking their services through ads—and consumers are benefiting. In a recent survey of 3,200 lawyers in 17 states, the Federal Trade Commission (FTC) compared fees for five legal services. The commission found that in states where fewer restrictions on ads have led more lawyers to advertise, fees for uncontested divorces, simple wills, wills with trust provisions, personal bankruptcies, and ordinary personal-injury cases are 5-13 percent lower than in states with tougher restrictions. Where restrictions are more severe, for example, lawyers' fees for a personal-bankruptcy case averaged $44 above the average fee of $460.

Although states may not prohibit lawyers from advertising, they do regulate lawyers' ads, and the rules vary widely from state to state. Many states, for instance, require that ads be "dignified." Many also restrict the geographical area in which a lawyer may advertise, and 12 states don't allow lawyers to advertise on TV. The FTC study found that the fewer restrictions there are, the more lawyers choose to advertise. Moreover, the study discovered, attorneys who advertise a specific service generally charge less for the service than attorneys who don't advertise.

Consumer groups, such as Americans for Legal Reform, welcome the growing trend toward lawyers' advertising, a phenomenon largely attributable to the doubling of the supply of lawyers over the last two decades or so. And though the trend is in its infancy, it appears to be here to stay. According to a recent survey by the *ABA Journal* (published by the American Bar Association), only 13 percent of lawyers have tried advertising, but 82 percent of those said they'll advertise again.

Many lawyers, too, are now awaiting a Supreme Court decision that will affect the manner and extent of their advertising. The Court has already heard the case, and a decision is due at any time.

In the case, an Ohio attorney named Philip Zauderer is contesting his conviction for violating state regulations when he took out ads in newspapers throughout Ohio soliciting clients to sue a manufacturer of a hazardous intrauterine contraceptive device, the Dalkon Shield. Among the charges of which Zauderer was convicted was the use of an unpermitted illustration in the ad (a depiction of the device) and the failure to specify fee arrangements in the ad.

If Zauderer wins his appeal, lawyers' latitude in advertising will have been significantly expanded. If he loses, however, it may have a dampening effect on the trend, and, as the FTC study suggests, consumers would be the biggest losers.

Making a Few Corrections in the Prison Business

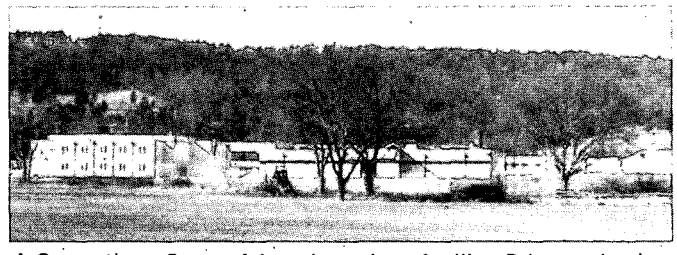
It's always a pleasure to watch as a good idea, once dismissed as "impractical" or "dangerous" or "pie in the sky," finally takes hold. Currently, there is just such an excellent public policy idea whose time is arriving. It is privatizing prisons.

Even 10 years ago, the thought that management or ownership of prisons could be shifted to the private sector would have been dismissed out of hand. No longer. REASON has reported in the past on firms such as Corrections Corporation of America that are running penal institutions efficiently, humanely, cheaply—and at a profit. And recently there's been evidence that the most powerful councils of the public policy establishment are taking notice.

One example is the National Institute of Justice, which acts as the federal government's research unit in the area of criminal justice. In February, NIJ director James K. Stewart released a preliminary survey on privatization of corrections. According to the *Los Angeles Times*, the survey pointed out that Alaska and Ohio already have arrangements for the lease or purchase of prisoner housing from private providers, six other states are "in various stages of considering such arrangements," and three others are studying the advantages of private operation of jail facilities.

Not only did the NIJ chronicle how privatization has grown, however. Stewart himself commented, "When we have opportunities to do things more efficiently and more flexibly without in any way harming the public interest, we would be foolish not to explore them to the fullest." He stopped short of an explicit endorsement of prison privatization—he said he has "both deep reservations and high expectations"—but he did call for "a thoroughgoing analysis."

Another sign that prison privatization is staking a claim on the public-policy landscape is an article in the *New York Times*, mainly about Corrections Corporation of America. It noted that a CCA-owned facility, recently opened in Houston under contract to the Immigration and Naturalization Service (INS), is "a one-story model of spaciousness and cleanliness." A wistful INS official, Paul O'Brien, told the *Times*,



A Corrections Corp. of America prison facility: Prison privatization is catching on.

"Our facilities don't begin to approach this one." The article pointed out that while the federal government spends $26.45 daily for each resident at its immigrant-detention centers, CCA charges Uncle Sam only $23.84.

Yet another harbinger of private prisons' new respectability was a recent feature on the *MacNeil-Lehrer News Hour* TV show. "The existing prisons are often overcrowded, and new ones are expensive," a reporter on the show noted. "So there is no lack of potential business for CCA and the handful of other companies that want to run prisons for profit." Finally, at least three congressional subcommittees—two in the House, one in the Senate—have announced that they will hold hearings this year on prison privatization.

Not everyone is pleased by the trend. Some seem to be opposed to any devolution of government powers, no matter what its advantages might be. For example, Rep. William Hughes (D-N.J.), who chairs one of the subcommittees that will be holding hearings, recently said in a speech, "Abdicating government responsibility for incarceration to the private sector is an unacceptable solution to a complicated problem."

Other criticisms are not quite so insubstantial. For example, a Houston priest trying to get a library for aliens who are incarcerated in a CCA-run detention center complained to the *New York Times*, "Whenever we have a problem, I.N.S. tells us to go to C.C.A., and C.C.A. tells us to go to I.N.S." And ACLU executive director Ira Glasser has called for a moratorium on more private prisons, arguing that "the dangers [of a loss of constitutional rights for prisoners] are large enough so that this movement ought to go nowhere until these questions are explored."

By and large, however, such objections can be (and, in many cases, already have been) solved via contracts between government agencies and private contractors. The real obstacle to successful prison privatization has been lack of public understanding and acceptance. Fortunately, as the issue gets more and more scrutiny from policy-

global trends

Recognizing Peruvian Reality

LIMA, PERU—Late last year, Peru became the only country in Latin America to have a full-scale program of economic deregulation in operation. It was then that civilian President Fernando Belaunde, who will be leaving office later this year, sponsored a law creating a National Commission of Economic Rights (CODE), in charge of promoting deregulation throughout Peru's economy.

The context in which CODE is operating is quite different from the United States. The Peruvian legal system—and therefore the government's control of the economy—is based on civil law rather than common law. As a result, there is a strong tradition of the civil service being much more powerful than the legislature. For example, out of every 20 government regulations promulgated in 1983, only one was created by the legislature while 19 were created by the bureaucracy, which is unrestrained by democratic control or participation in decisionmaking.

Since the Belaunde initiative, the government has already taken two concrete steps to rein in bureaucratic power. First, administrative agencies now have an obligation to publish all proposals for new rules before they take effect, in order to provide a period of notice and public comment. Second, when the bureaucracy proposes a new regulation, it must now justify it with an economic-impact statement. Both reforms are unprecedented in Latin America.

In a sense, these moves to tame administrative power, along with Belaunde's effort to deregulate, are actually a concession to economic reality. Peruvians have a bustling underground economy that has ignored virtually all of the administrative rules handed down by the Lima bureaucracy in the past. The underground economy includes as much as two-thirds of the population, and it is dominant in important areas of the economy such as housing, transportation, retail, and even part of the industrial sector. It is attractive enough that the majority of people who immigrate from the countryside to Lima and other cities make their livelihood in the underground economy rather than in any of the state-endorsed mercantile or collectivist enterprises. Thus, Peruvian law has come to have little legitimacy or relevance to economic life here. The system of legal dictatorship, with its array of special privileges, redistribution of wealth, and protectionism, has been a dramatic failure.

The CODE's deregulation should have great impact in two ways: reducing the costs of access to the above-ground market, known as "cost of legalization," and reducing the cost of remaining in the above-ground market once legalization has been obtained, known as the "cost of legality." Because of the Belaunde initiative, the government will be looking closely at where the disadvantages of enforcing regulations most heavily outweigh any benefits. Those will be prime targets for deregulation.

The value of these reforms extends beyond Peru's borders, because throughout Latin America large numbers of people bypass the formal mercantilist economy in favor of an informal and popular market economy. This disproves the commonly held belief that the people of Latin America are somehow incapable of functioning in a free market. Millions of Latin Americans do quite well in a market economy every day, and deregulation here is the first step in recognizing its popularity and importance.

—Enrique Ghersi

Taking the Measure of Freedom

NEW YORK CITY—Just how much freedom is there in the world? More than you might think, according to a New York–based human-rights organization called Freedom House. Every year, it pub-

(Continued on page 20)

makers and journalists, that should change for the better.

Ascending Competition May Eclipse Satellite Cartel

Cartels, like tragic characters, seal their own fates. And the cartel that calls itself the International Telecommunications Satellite Organization (Intelsat) is no exception to this cosmic rule. For more than two decades, this consortium controlled by national governments—now with 109 member countries—has monopolized the international telecommunications satellite market among non-Soviet bloc nations. (These latter have their own monopolist, Intersputnik.) Now five US firms are seeking to compete with Intelsat.

Orion Satellite Corp. started things moving two years ago when it asked the Federal Communications Commission (FCC) for permission to send up its own satellites and provide telecommunications services on transatlantic connections—a potentially lucrative market. Four other firms followed Orion's lead and are requesting similar permission.

In the United States, these firms would compete with the Communications Satellite Corp. (Comsat), the US component of Intelsat. (Unlike other nations' Intelsat members, Comsat is an unsubsidized corporation, owned by its stockholders.) According to the 1962 agreement that initiated Intelsat, the US government is committed to routing all American international telecommunications satellite services through Intelsat, via Comsat. The US firms now bidding to compete with Comsat are challenging that commitment.

These firms see an entrepreneurial opportunity in this market primarily because of the way Intelsat bases its rates. The cartel operates as a cooperative, charging all members the same rate for like services despite what it actually costs to provide service. Hence, users of high-volume connections—New York–London, say—subsidize customers of less-used circuits (La Paz–Bamako, for instance). So just as US phone-service entrepreneurs like MCI Telecommunications saw an opportunity a few years ago in AT&T's cross-subsidization of toll-call rates, the satellite entrepreneurs now see a similar opportunity to compete against Intelsat's artificially high rates on high-volume connections.

Intelsat and its proponents are trotting out the same arguments against competition once used by AT&T and other defenders of the former US toll-call monopoly: competitors will "skim the cream" off the market—that is, they'll win away the heaviest users of telecommunications on high-volume circuits through discount pricing—and this will force Intelsat to raise rates to customers of less-used routes, primarily among poorer, less-developed nations, thus pricing some users out of the market.

Apart from harboring the objectionable notion that governments may abridge individuals' rights to offer services in a free market, this argument also ignores how

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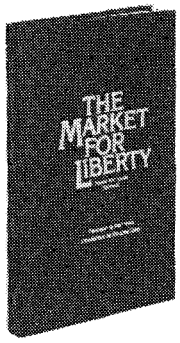

"What Rand's books did for philosophy, what Mises' did for economics, this book does for politics—and more."

—From the Introduction by DOUGLAS CASEY

"The importance of re-issuing the Tannehills' book at this time is the probability that it will inspire and enlarge the horizons of young entrepreneurs who may not fully appreciate the larger implications of a free market world."

—From the Foreword by KARL HESS

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competition *benefits* users by fostering innovations that lead to lower costs and more-varied services for everyone. The US toll-call market these days provides abundant evidence.

As expected, Intelsat bureaucrats are nervous about the situation, and critics of competition have begun to paint dismal scenarios of a competitive international telecommunications market. The left-liberal weekly *The Nation*, for example, recently noted the fear of Intelsat officials that under competition the cartel may "soon be transformed from a progressive global communications cooperative into one of several regional satellite companies increasingly forced to cater to the 'have-not' countries of the world."

But anticipating what seems to be the inevitable, the cartel already is altering some of its ways in order to stay competitive. For instance, "Intelsat has expanded its video and data transmission facilities," *Fortune* magazine recently noted. And *Aviation Week* reported that Intelsat director Richard Colino announced that if the cartel is to remain competitive with new entrants, it will have to abandon its uniform-price system in favor of differential rates more closely based on actual costs of services.

The FCC is soliciting comments and replies on the issue of competition with Intelsat, and it will not rule on the five firms' petitions to compete until June at the earliest. President Reagan declared last year that competition in this market is "in the national interest," and he has endorsed a plan that would allow for limited entry of private providers. So some competition is almost certain, though initially it will likely be restricted to only a small segment of Intelsat's market. But the cartel will have been nudged toward its downfall and the entrepreneurial drama set in motion.

The New States of Grace

For years, state governments have hardly been oases of public virtue. In many instances, their reputation for corruption and incompetence was richly deserved. Moreover, precious few showed the slightest reticence in acquiring and spending taxpayers' money.

Thus, it is a most welcome surprise that some among the current batch of governors actually seem to be mending their spending ways. Many are actually singing the merits of less federal spending and, *mirabile dictu*, even

global trends

(Continued from page 18)

lishes a "Comparative Survey of Freedom" that assesses political rights and civil liberties in every nation. The most recent survey came to the interesting conclusion that 1984 was actually "a good year for freedom."

Most of the world, of course, still isn't very free. Freedom House calculated that only 35 percent of the world's population lives in free countries and territories, while 23 percent lives in partly-free areas and 42 percent in areas that are not free. The level of freedom declined substantially in several nations last year, with the "most depressing setbacks" in Africa. For example, Nigeria reverted from a short-lived democracy to military rule, the government of Sudan tried to institute "a particularly harsh version of Islamic law," and the Liberian powers-that-be were dealing with political opponents by murdering them.

But the Freedom House survey turned up very good news elsewhere, notably in Latin America. Perhaps the biggest success stories are Argentina, Brazil, and Uruguay. Argentina had been under military rule for years, but in the wake of its election of centrist Raúl Alfonsín as president, Freedom House noted that it "moved very rapidly and [more] courageously . . . than expected to remove the military incubus from the political system." The report continued, "The independence of the media, of intellectual life, and of the judiciary seem again well established." By year's end, both Brazil and Uruguay—also under military control—were firmly on the path toward democracy and a restoration of civil liberties. Indeed, elections were held in Brazil and Uruguay early in 1985 and civilian rule returned.

Other advances in freedom last year included relatively free elections in Egypt, which also enjoys a somewhat more open press and freer political discussion than in the past. Italy's judiciary was made stronger and more independent. Turkey gained a new prime minister, Turgut Ozal, via "a limited electoral process," as the survey put it, but because of his political and popular success, Ozal's government achieved more legitimacy than it originally had.

The Freedom House report moved Communist-ruled Hungary from a "not free" to a "partly free" rating for 1984, noting "persistent reports that the atmosphere in Hungary is much freer than that in the other 'not free' societies of Eastern Europe." The Hungarian broadcasting media are described as "surprisingly fair-minded," and the elimination of fear in the public arena—though not institutionalized—is now a "*de facto* achievement in many aspects of the society."

The scope of Freedom House's concern includes political and civil rights, but not economic rights. "Clearly capitalism does not cause nations to be politically free," the report maintained, "nor does socialism cause them to be politically unfree."

Arguably. But when Freedom House compiled a table indicating both the levels of freedom in various nations and their economic structures, socialist nations were certainly overrepresented in the "not-free" category. It was something of an understatement for the report to observe that "socialists must be concerned by the empirical relationship between the rating of 'not free' and socialism that is found in tables such as this." And it's worth noting that the only three Communist nations to earn a "partly free" rating—based solely on political and civil rights—are also the only ones to permit the rudiments of free enterprise and private property: Hungary, Poland, and Yugoslavia.

On the whole, the Freedom House survey certainly confirms what any casual newspaper reader knows—that governments all over the world regularly deny their citizens the most fundamental rights. Yet it is also a useful reminder that freedom is alive and well in some places, and in others it's slowly getting a bit healthier.

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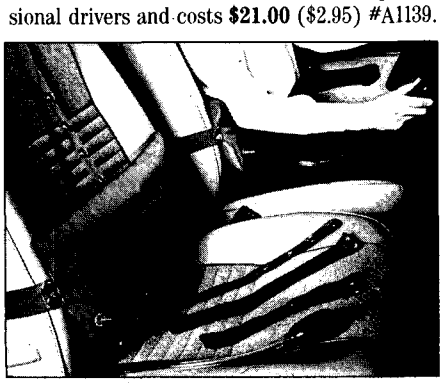

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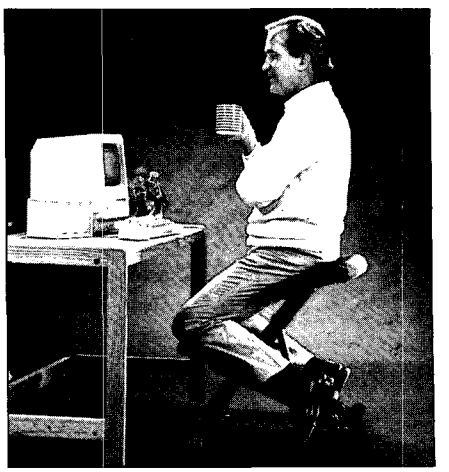

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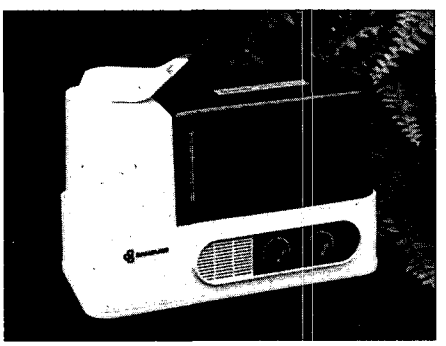

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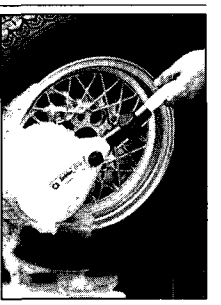

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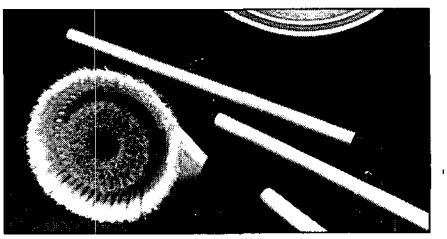

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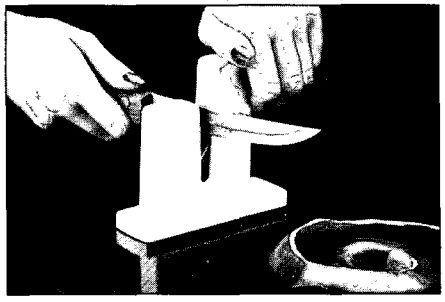

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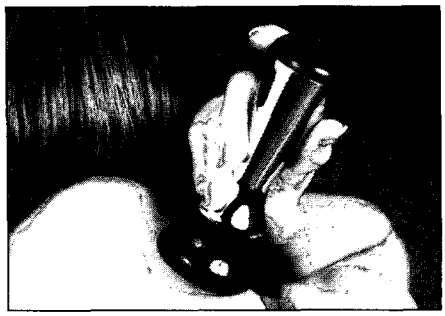

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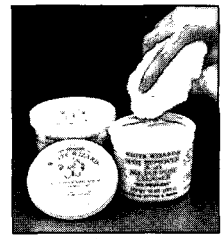

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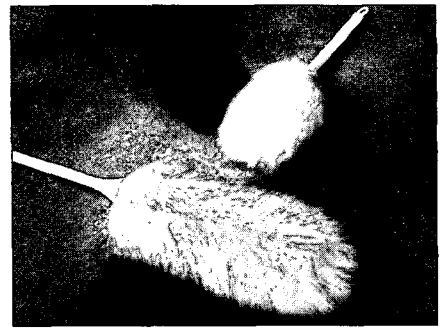

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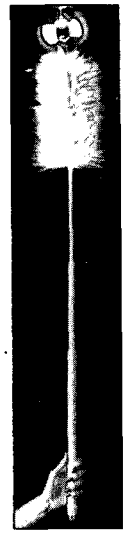

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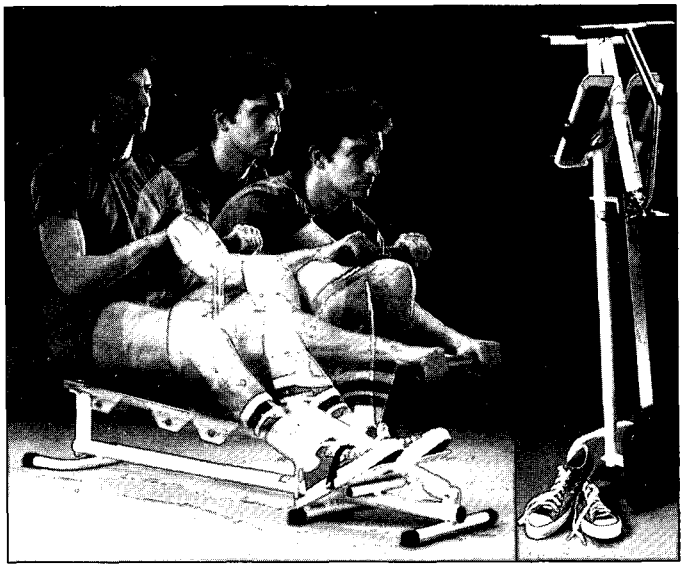

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talking about cutting taxes in their own states.

In February, the National Governors Association (which is more than 2-to-1 Democratic) endorsed a freeze on most federal spending, including politically sensitive cost-of-living adjustments in Social Security payouts. The governors also expressed support for a balanced-budget amendment, line-item veto authority for the president, and a modified flat tax. They said that military spending should be limited to current levels in real terms, and they asked Congress to "restrain the growth" of Medicare and farm-price supports.

What is even more impressive is that some governors are moving to cut taxes in their own bailiwicks. According to a recent report in *Business Week*, Connecticut Gov. William O'Neill (D) has already announced that he would move up the planned date for a sales-tax decrease, and tax cuts are said to be likely in Minnesota, Michigan, Wisconsin, North Carolina, and Ohio. New York's Mario Cuomo, often touted as a conventional New Deal liberal, is proposing a $1.2-billion tax cut in his state. *Business Week* said that "business lobbyists and even Republicans [are] smiling."

A big reason for the move towards tax cuts is that several of the larger state governments are enjoying nice surpluses. Tax revenues generated by the economic recovery, new taxes imposed years ago, and spending lids are all responsible for the surpluses. Many state governments clearly have much more than they need, and they know it. One analyst with the National Conference of State Legislatures calculates that by the end of the year, state legislatures will have voted $2 billion worth of tax cuts around the country, a wonderful contrast to the $8 billion of tax *increases* they voted in 1983.

Business Week noted that some states are taking advantage of the situation to improve their business climate. Even "Democrats this year are outdoing themselves in adapting to Reaganomics," the magazine reported. For example, Minnesota's Rudy Perpich, a Humphrey-Mondale Democrat if there ever was one, has devised an economic-development program with fiscal reforms and tax cuts (his aim is to cut personal income-tax rates in his state from 16 percent to 9.9 percent).

The governors' more-responsible fiscal behavior is almost reason to kill a fatted calf and celebrate.

The Education of Business, the Business of Education

According to conventional wisdom, capitalism is a perfectly fine system if you want skyscrapers, cauliflower, bicycles, asthma medicine, or goldfish—but not necessarily if you want an education. Somehow, many people assume that higher learning is far too exquisite to survive the maneuvers of the marketplace, a view that partly accounts for such unsavory phenomena as state universities. Yet while these people weren't looking, some of the biggest businesses in the nation have been quietly building and running their own education systems that now educate almost 8 million people.

A recent report from the Carnegie Foundation called *Corporate Classrooms: The Learning Business* surveyed these corporate-education programs. Its author, Nell Eurich, found "sophisticated and growing alternative systems of education with roots firmly planted in the American business community and branches spreading to countries around the world." Altogether, Eurich estimated that businesses such as IBM, Xerox, and Digital Equipment spend some *$60 billion* annually to educate their employees, virtually as much as all of the four-year colleges and universities in the nation are spending. The corporations teach remedial English, nuclear engineering, and almost everything in between.

Does all this mean that Texas Instruments is trying to compete with Oral Roberts University or Berkeley? Not really. The companies just want personnel who can do their jobs better (or hold down better jobs), and universities generally don't (and maybe can't) meet that need. *Time* quoted a Texas Instruments executive's observation: "As technology changes, universities tend to lag one to three years behind what's happening in the workplace."

There's not much question that companies that have applied entrepreneurial talent to making computers and running hotels have often done as well at training their own people. Indeed, the Carnegie study found that the quality of corporate education "surpass[es] many universities." At least 18 corporate programs are accredited to grant degrees, including Ph.D.s in some cases.

One of the reasons for their success is that the business programs are oriented toward achieving results, not observing academic tradition. Digital Equipment's faculty members, for example, are on contract and their performance is monitored, a far cry from conventional tenure systems that give faculty members more job security than General Pinochet—or even union plumbers—could ever dream of. Similarly, Digital Equipment designs its study periods and program lengths to vary according to what's most efficient, rather than squeezing subjects into the mold of 50-minute classes and 4-month semesters.

Many university people, accustomed to a virtual monopoly on the education of grownups, aren't all that pleased to see others doing their work in efficient, innovative ways. In a recent interview with *Time*, Emory University Business School dean George Parks complained about letting "technology drive the educational process instead of the other way around."

Even in the introduction to the generally favorable report, Carnegie president Ernest Boyer expressed his fears that corporate education raises "vital public policy" questions. There is, of course, no vital public-policy question on God's green earth that can't be answered by a prestigious bipartisan business-labor-education-government commission. Thus, the report concluded that a creature called the Strategic Council for Educational Development should be created in order to analyze the situation and make recommendations.

Such lapses in taste can be overlooked. As *Time* reports, the Carnegie report "has a tendency to stand in awe of the whole phenomenon of corporate learning." And with good reason. After all, the corporate education programs are an impressive demonstration that enlightenment and profits do mix.

—Robert W. Poole, Jr., Paul Gordon, and Eric Martí

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A well-publicized study predicts that even a limited nuclear war plunge much of the earth into darkness and freezing, threatening mankind. Many are taking the prediction as fact, but uncertainties

Modern intellectual history is replete with examples of the use of incomplete, inconclusive science for political ends. Rachel Carson's *Silent Spring*, published in 1962, scared a generation into believing that herbicides and pesticides were causing wholesale poisoning of the environment and that stringent government regulation was the only solution. Her disciple Barry Commoner translated environmental concern into ideological terms, asserting that the underlying source of pollution is capitalism itself, as if socialist farmers don't need fertilizer and weed killer to increase crop yields, or socialist factories don't emit smoke.

The doomsaying Stanford ecologist Paul Ehrlich and the Club of Rome, an informal group of thinkers concerned with global economic problems, published studies claiming that severe government intervention—perhaps even totalitarian methods of population control—were necessary to prevent "the population bomb" from destroying civilization. It is now nearly a generation later, and the apocalyptic predictions are nearly forgotten.

In a similar vein, Samuel Epstein in *The Politics of Cancer* (1978) summarized the misinformation propagated by a small group in the National Cancer Institute, claiming that industrial chemicals were generating an epidemic of cancer in the United States, and again (surprise) the solution was to be yet more government regulation. Only recently, Edith Efron exposed the falsity of this claim in her brilliant book *The Apocalyptics: Cancer and the Big Lie* (1984).

The latest and most pervasive episode of the political misuse of science is the prediction of global climatic catastrophe from nuclear war, even if a small portion of the nuclear weapons in the world are ever exploded. The apocalyptic idea is that nuclear explosions and the fires they would ignite would send dust, smoke, and soot high into the atmosphere, where they would block the sun's heat and light from reaching the earth's surface, thus plunging the world into darkness and subfreezing temperatures: crops would fail, creatures would die, humankind itself might perish. Propagators of this idea are using it to promote various political causes, including "the nuclear freeze," unilateral disarmament, and proposals for immediate, drastic bilateral weapons reductions to a level below which catastrophe is felt to be unlikely.

Of course, there must be a buzzword for the publicity campaign and a "prophet of doom" for TV appearances. The buzzword is *nuclear winter*, and the leading prophet is Cornell University astronomer Carl Sagan. Sagan is the star of a media campaign that opened with his article "The Nuclear Winter," published in the Sunday newspaper-supplement magazine *Parade* on October 30, 1983. The article appeared on the eve of a two-day conference in Washington, D.C.—the Conference on the Long-Term Worldwide Biological Consequences of Nuclear War, in which celebrity-scientists Sagan

would
the very survival of
abound.

Nuclear Winter:

HOW MUCH DO WE REALLY KNOW?

By Howard Maccabee

and Ehrlich were chief participants.

The well-orchestrated publicity campaign actually began in April 1983, when the conference organizers hired the public-relations agency Porter & Novelli Associates to publicize the issue and the impending conference. In an interview in *Science Writers*, a publication of the National Association of Science Writers, Porter & Novelli chairman Jack Porter unabashedly laid out the nuclear winterists' publicity strategy, reporting that the campaign ended up costing $100,000. Detailing the nuclear-winter PR tactics—including, for instance, efforts to arrange coverage by such major media as the *Phil Donahue Show* and *Parade* magazine—Porter recalled how the bombing of the Marine quarters and especially the US invasion of Grenada, though initially perceived as publicity "competition" (because both events occurred shortly before the conference was held), actually helped "heighten the dramatic perception" of the nuclear-winter idea: reporters returning from Grenada

DAVID NECKER

"quickly ran out of news," because of the restrictions on covering the invasion, Porter surmised, "and they had to come back and write about something else. Our story formed a kind of logical focus."

The first article in a scientific journal to spell out the gloomful hypothesis was "Nuclear Winter: Global Consequences of Multiple Nuclear Explosions," by Richard Turco, Brian Toon, Thomas Ackerman, James Pollack, and Sagan, published in the December 23, 1983, issue of *Science*. (This article is often called TTAPS, referring to the first letter of each author's name.) This sequence of events—a publicity campaign paid for and launched *before* the publication and circulation of a scientific study—is very unusual. In fact, most scientists agree that this type of arrangement is destructive of the goals of honest inquiry and more consistent with attempts at stock-market manipulation or disguised political purposes.

Following the December 1983 *Science* article, additional doomful publications appeared, including "The Climatic Effects of Nuclear War," again by the TTAPS authors (*Scientific American*, August 1984). Transcripts of the proceedings of the Conference on the Long-Term World-Wide Biological Consequences of Nuclear War came out in a book, *The Cold and the Dark* (1984), by Paul Ehrlich, Sagan, Donald Kennedy, and W. O. Roberts.

Also following the publication of TTAPS, other studies of one aspect or another of the nuclear-winter hypothesis have been done, and still others are planned. For example, the National Research Council—principal research arm of the renowned National Academy of Sciences—performed a study of the hypothesis, the results of which were issued in December 1984. Moreover, the issue immediately percolated into the mainstream media, with scores of newspaper reports, magazine articles, and TV-show segments bringing the gloomy news to the American public.

The beginning of the nuclear-winter idea is attributed to Dutch scientist Paul Crutzen, director of the Max Planck Institute for Chemistry in West Germany. He had been concerned about nuclear war depleting ozone in the stratosphere, the uppermost part of the atmosphere. In 1982, he and a colleague, American chemist John Birks, predicted that widespread nuclear explosions could ignite enough forest fires to produce a thick smoke layer that, for a period of months, would reduce the amount of sunlight reaching the earth's surface. Upon reading Birks and Crutzen's study, Richard Turco, a young atmosphere scientist with R&D Associates in Los Angeles, realized that the loss of heat from sunlight could cause a severe temperature drop. Turco is credited with coining the term *nuclear winter*. Turco joined with Sagan and three scientists from NASA's Ames Research Center in California—Toon, Ackerman, and Pollack—to devise the models, assumptions, and calculations for the study that bears the acronym TTAPS.

Soon after the TTAPS article was published in *Science*, Sagan extrapolated the policy implications of the nuclear-winter predictions in a paper in the influential quarterly *Foreign Affairs*. He advocated rapid decreases in worldwide nuclear armaments to a total of fewer than 1,000, a "threshold" below which Sagan believes that nuclear winter is very unlikely.

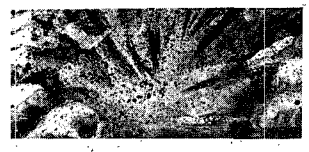
The nuclear-winter idea has predictably been taken up by various groups advocating unilateral nuclear disarmament, accommodation with the Soviet Union, and the nuclear-freeze movement. Civil defense, the favorite whipping boy of the antinuclear factions, comes in for the usual attack: Why bother with shelters when we'll all freeze or starve?

In reality, the implications of the nuclear-winter idea are the *opposite* of what Sagan and his followers claim. Nuclear winter *is* avoidable, even in case of major conflict using nuclear weapons. Because of the possibility of disastrous climatic effects from attacks on cities—which, when burning, produce more smoke and soot than other targets—US military planners will continue to shift their target priorities from population centers (cities) to militarily strategic sites, as Soviet planners are believed to have already done. This shift will result in greater need for civil defense, fallout shelters, food reserves, and medical preparations. A "freeze" on current weapons, even if it were mutually verifiable, would be the worst possible response to the possibility of a nuclear winter, because older-generation weapons now present in the Soviet arsenal are the riskiest for causing severe atmospheric effects.

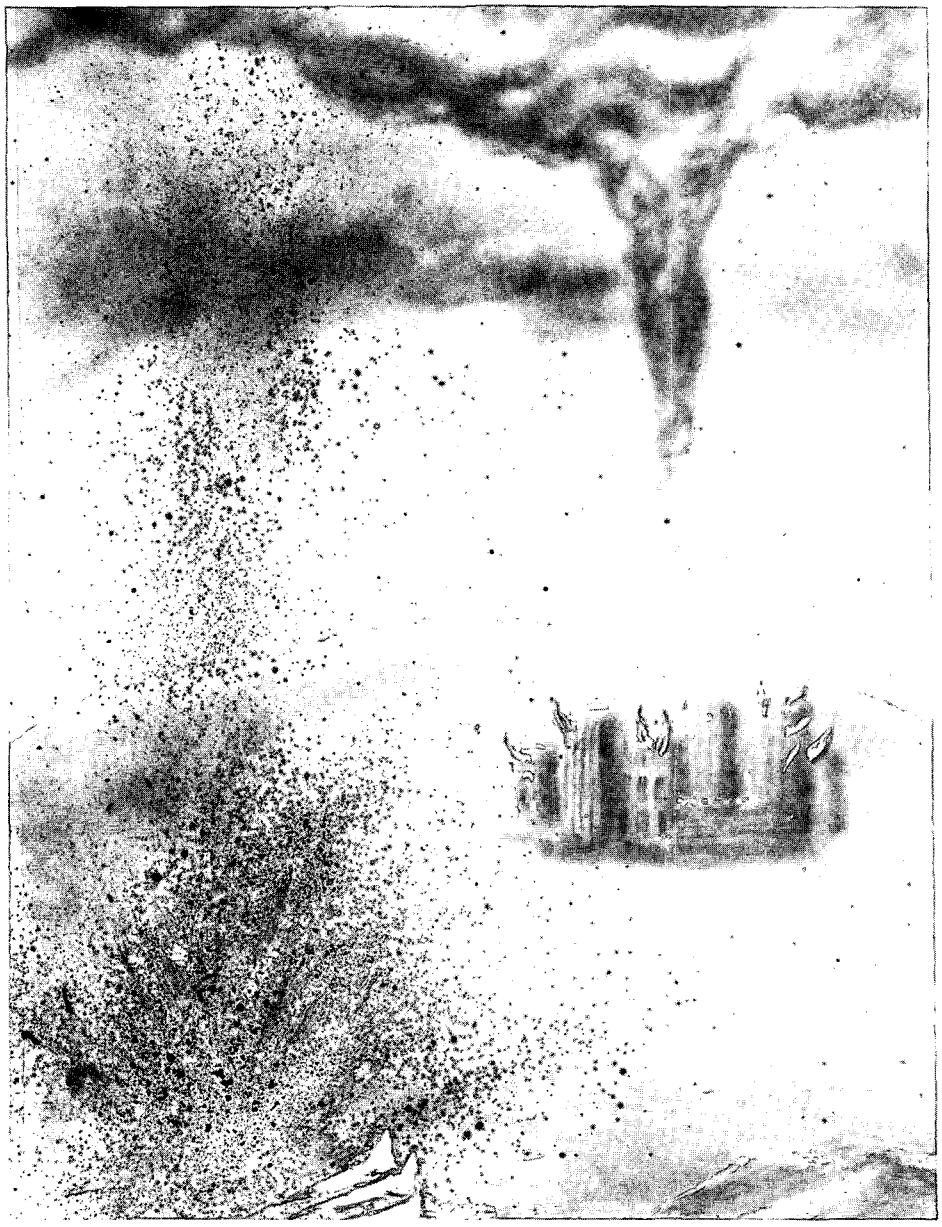
Indeed, fear of a nuclear winter is more likely to encourage further efforts toward nuclear-weapon modernization than toward general nuclear disarmament. That "conventional" nuclear weapons might cause climatic catastrophe even reinforces arguments for the "neutron bomb," which produces mostly temporary radiation instead of blast and fire. Furthermore, the possibility of a nuclear winter may make more urgent the need for active defense measures such as High Frontier and the Strategic Defense Initiative ("Star Wars"), the proposals for space-based defensive systems against nuclear attack. Even if they are not 100 percent effective, these could drastically reduce population destruction and climatic effects.

These implications may seem paradoxical, but think again—paradox abounds in the Nuclear Age. That a Strategic Arms Limitation Talk (SALT I) could *intensify* the arms race by causing multiple-warhead missiles (MIRVs) to be added to arsenals is a paradox. That the tragic attacks on Hiroshima and Nagasaki, with the resulting fear of nuclear weapons, may have prevented further nuclear war for 40 years is a paradox. There are more to come.

Ehrlich and some of his colleagues seem to have a "strange love" for apocalyptic predictions.



In order to understand the TTAPS study's nuclear-winter predictions, you must know something about its assumptions and method of calculation. Turco and company started with a series of "nuclear exchange" scenarios, in which they assume that a certain number of nuclear warheads explode with a given total explosive yield, measured in megatons (millions of tons



Two Ways to Destroy a Target

In a nuclear war, combatants will detonate their bombs on enemy targets in two different fashions: surface bursts and air bursts. In a **surface burst** (left), the weapons explodes on or near the surface of an enemy target, usually a "hardened" (that is, well-defended) military installation such as a missile silo. In an **air burst** (right), the bomb explodes in the air above the target—usually an industrial urban area (and, therefore, a population center)—creating a powerful downward blast over a large area. By comparison, a surface burst destroys a much smaller area than an air burst from a similar-size bomb. Though a surface burst injects much more dirt and dust into the atmosphere than an air burst, it creates much less fire (and, hence, smoke and soot) than an air burst.

ILLUSTRATIONS•LAURA MAIN & BRUCE JONES

of TNT equivalent, abbreviated "MT").

In some scenarios, a higher percentage of the explosions occur in surface bursts—in which weapons explode on or near the ground—on military targets (for example, missile silos and submarine or bomber bases); this has been called a "counterforce" strike. Other scenarios, known as "countervalue," assume a higher proportion of air-burst explosions, over cities.

Surface bursts form craters, generating a lot of fine-grained dust from explosive breakup, vaporization, and recondensation of the surface materials. Air bursts, on the other hand, make little dust but can cause instantaneous widespread fires: thermal radiation from the weapon's fireball ignites combustible materials, such as wood houses, dead trees, brush, and building roofs and contents.

To provide an example of what they perceive as a likely nuclear exchange and its climatic effects, the TTAPS authors used a "baseline scenario" assuming a total explosive yield of 5,000 MT from 10,400 explosions of various sizes. A majority of the explosive yield would be used in surface-burst attacks on military targets with one-fifth directed in "countervalue" attacks on urban or industrial areas. In another scenario, for example, TTAPS assumed that 100 megatons of explosives are distributed in 1,000 explosions, *all* in countervalue air bursts over cities, with no counterforce surface bursts on military targets.

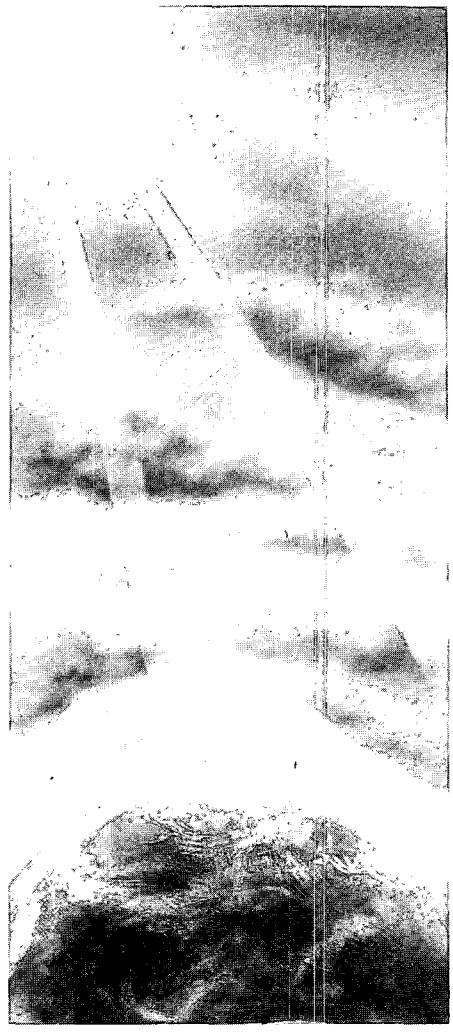
Using published data from nuclear tests, TTAPS then calculated the amount of dust generated by surface bursts and assumed a distribution of dust-particle sizes to determine the amount of dust that is spread high into the stratosphere—smaller particles are carried higher and stay up longer. They calculated the amount of smoke nuclear explosions cause by multiplying (1) the area presumed ignited by thermal radiation from air bursts by (2) the amount of flammable material present per unit area, times (3) a factor for how much of this material is burned, times (4) a factor for the proportion that is emitted as smoke. They then extrapolated from previous fire events how high the smoke might rise in the atmosphere. They assumed that 5 percent of the urban fires become firestorms with smoke plumes as high as 19 kilometers (about 60,000 feet). Smoke and soot are highly critical elements of the nuclear-winter hypothesis (and therefore, too, the amount of smoke-producing burning that a nuclear conflict would ignite), because the black, carbon content of smoke and soot is highly absorbent of sunlight. Ordinary dust, on the other hand, tends more to scatter light than to absorb it.

Next TTAPS calculated the distribution of dust and smoke over time and their spatial distribution (how much of what size particles, at what altitude, in what area). This is an extremely difficult problem, involving assumptions of how a war might be fought—including targeting patterns and the timing of attacks and counterattacks—meteorologic conditions, characteristics of dust and smoke clouds, rates of mixing of particles in the atmosphere, rates of removal of particles from the atmosphere by "washout" from natural processes (such as rain), etc.

The TTAPS authors side-stepped the enormous complexity of this problem by assuming that the spatial distribution would be completely uniform over the Northern Hemisphere and, with regard to time, by assuming that the uniform universal "cloud" appears instantly at the beginning of a nuclear conflict.

Determining the cloud's absorption of the sun's rays involves assumptions about the optical properties of the cloud's smoke and dust particles. It also requires a model to calculate how much light and heat is transmitted to the earth's surface. TTAPS chose a "one-dimensional" model of light and heat transmission, which assumes that altitude is the primary (and only) variable that affects the radiation of light and convection of heat. Programmed with this model, computers can predict how temperatures at land surfaces will change over time after detonation of nuclear weapons.

For their 5,000-MT, baseline scenario, TTAPS predicted that the Northern Hemisphere average temperature would drop to -23 degrees Centigrade (-9 degrees Fahrenheit) after three weeks and only rise above freezing (32 degrees F) after three months. The prediction from the 100-MT scenario, in which only cities are attacked, is only slightly less severe, with two months of subfreezing temperatures. This seems surprising by comparison to the 5,000-MT, baseline scenario—which has 50 times the explosive yield—until one realizes that Turco et al. assumed the number of airburst explosions over cities to differ by only a factor of two (1,000 in the 100-MT scenario versus approximately 2,000 in the baseline version). Moreover, TTAPS unaccountably assumed a doubling of the combustible material in the 100-MT (versus 5,000-MT) scenario, and they also increased the smoke-emission assumption for this case. The crux is that the explanation for the short-term temperature drop is dominated by the smoke from the burning of *cities*, with a much smaller effect from the long-term



Nuclear Winter and Nuclear Weather

According to the nuclear-winter hypothesis, a doomful light- and heat-blocking cloud of smoke, soot, and dust from nuclear explosions would form in the **stratosphere**, that portion of the atmosphere that begins at about 50,000 feet up. Weather activity such as rain and snow—which washes particulate out of the sky—normally occurs only in the **troposphere** (the lower portion of the atmosphere). By contrast, the stratosphere is stable: weather activity ordinarily does not occur there, so particulate like smoke and soot may remain suspended there for a long time. But studies indicate that storms would likely occur in the stratosphere following a nuclear war, stimulated by condensation of the debris cast up there.

circulation of fine dust in the stratosphere, as produced by the surface explosions inherent in attacks on military targets.

In critically analyzing the TTAPS study's method and assumptions, it should first be acknowledged that the study is a brilliant tour-de-force, opening up whole new areas of scientific speculation and contention. The TTAPS authors bridged previously uncrossed gaps between nuclear-weapons physics, pyrology, aerosol dynamics, optical physics, thermal transport phenomena, meteorology, computer modeling of climate, etc., as well as nuclear strategy. They have been "thinking about the unthinkable" in ways that had escaped the late futurologist Herman Kahn and nuclear physicist and renowned weapons expert Edward Teller.

The climate effect of nuclear war *is* an important, perhaps a vital, question for all of us who live with this Sword of Damocles overhead. Nevertheless, when apocalyptic claims are being made that affect the psychological security of millions of people, when policy recommendations are made that can affect the freedom and physical security of hundreds of millions, the ideas, assumptions, and calculations must come under heavy scrutiny. It is in this spirit that I will consider the weaknesses of the nuclear winter prediction.

First, the TTAPS team's assumption that all explosion products—dust, smoke, soot, and other particulate—are spread uniformly and simultaneously over the surface of the hemisphere is physically impossible and not even a good approximation of any realistic situation. The TTAPS authors assumed, by analogy with known atmospheric effects of volcanic eruptions and cooling effects of dust storms on Mars, that both dust and smoke would be spatially well-mixed.

But in reality, the rapidity and uniformity of mixing depends on the distribution of particle sizes. And one would expect "nuclear" dust and smoke to have a distribution different from what is known from previous non-nuclear explosions.

The TTAPS researchers used this model ostensibly because it fit into their

"computer code" and is simple enough to make calculations convenient. But the value of their results suffers thereby, for this model is equivalent to a *worst-case* assumption.

Intuitively, we know that any "break in the clouds" will allow much more sunlight at the earth's surface. Indeed, it can be proven rigorously that *any* nonuniformity in the spatial distribution (that is, patchiness in the smoke cloud) will allow more solar energy transmitted. We also know that nuclear explosion patterns and smoke plumes will be intrinsically nonuniform; thus, surface temperature drops and the darkness of the nuclear cloud's overcast will be less than the TTAPS model predicted.

Furthermore, the TTAPS team's assumption of simultaneity—that all dust and smoke would be injected into the atmosphere at once—is also a worst case. Explosions and subsequent spreading of smoke from a massive nuclear exchange are more likely to occur spasmodically and unevenly over a period of days to weeks. Hence the sharp maximum temperature drop that the TTAPS researchers calculated actually would be "smeared" over time, resulting in smaller net maximum temperature changes than the researchers predicted.

Without explicit justification, the TTAPS authors assumed that a firestorm (a devastating type of urban conflagration with especially powerful updrafts) would be a factor in 5 percent of cities burned and that smoke and soot from these firestorms would rise into the stratosphere (up to 19 kilometers, or about 60,000 feet) and stay there a long time, causing great cooling effects. In fact, most experts believe that firestorms, as distinguished from mass fires, are unlikely from nuclear explosions, because the special circumstances needed to generate a firestorm—a highly concentrated fuel supply and weather conditions allowing the fire to consume all available oxygen—would not be present and because the powerful blast wave that follows the thermal flash would blow out many nascent fires. There were massive fires at Hiroshima and Nagasaki in the blown-down rubble of buildings, but *no* firestorms. Furthermore, smoke plumes from the firestorms created by deliberate incendiary bombing in Dresden and Hamburg, Germany, in World War II did not exceed 10 kilometers in height. The injection of smoke into the stratosphere (that is, above 15 kilometers, or 50,000 feet) seems highly unlikely.

Forest-fire expert Craig Chandler believes that the TTAPS researchers exaggerated their estimates of smoke from wildfires by a factor of two or more, because (1) for much of the year Northern Hemisphere forests are almost immune to ignition and (2) immediately upon a thermal-radiation pulse, forests emit steam, which helps shield them from catching on fire.

The TTAPS team's estimate probably additionally exaggerated by a factor of 10 the amount of smoke produced by a nuclear conflict, according to some nuclear-weapons-effects experts (such as Cresson Kearny from Oak Ridge National Laboratory) and the Defense Nuclear Agency. In itself, this lower level of smoke production would reduce the climatic effect from catastrophic to noticeable but not severe, because as optical density (smoke) declines, the penetration of light and thermal radiation increases very rapidly (exponentially).

Even if the TTAPS baseline calculation of smoke production were correct, it is of the same magnitude as current annual global smoke emission, which does not have catastrophic effects. The TTAPS team's claim, without evidence, that "nuclear smoke" is *100 times* more effective in disturbing the atmosphere is not convincing.

Once dust and smoke particles are in the troposphere (the portion of the atmosphere below the stratosphere), they may be removed by coalescence (sticking together to form heavier particles that fall out faster), by rainfall, and by all other natural processes that currently scavenge out of the sky particles from fires, dust storms, smoke stacks, etc. The TTAPS researchers, however, underestimated these processes and consequently exaggerated the nuclear cloud's capacity to block sunlight (opacity).

Furthermore, in the presence of cooling, dust and smoke particles themselves act as condensation centers for the formation of raindrops and snowflakes, causing precipitation that washes out much of the remaining particles, which would further decrease the nuclear-winter effects. Studies performed at the Lawrence Livermore Laboratory in California, a major center for weapons research, suggest that this process would very effectively remove smoke from even the stratosphere, which is above the atmospheric level at which the normal "scavenging" of weather activity occurs. Physicist Joyce Penner, head of Livermore's nuclear-smoke research, simulated on a computer the exploding of a one-megaton bomb. The simulation showed that though smoke rose into the stratosphere, half rapidly fell back into the troposphere (where normal weather activity would wash it out quickly). Penner estimated that the half remaining in the stratosphere had almost three times the condensation needed to make rain. So even stratospheric smoke would be washed back to earth by storms of its own creation.

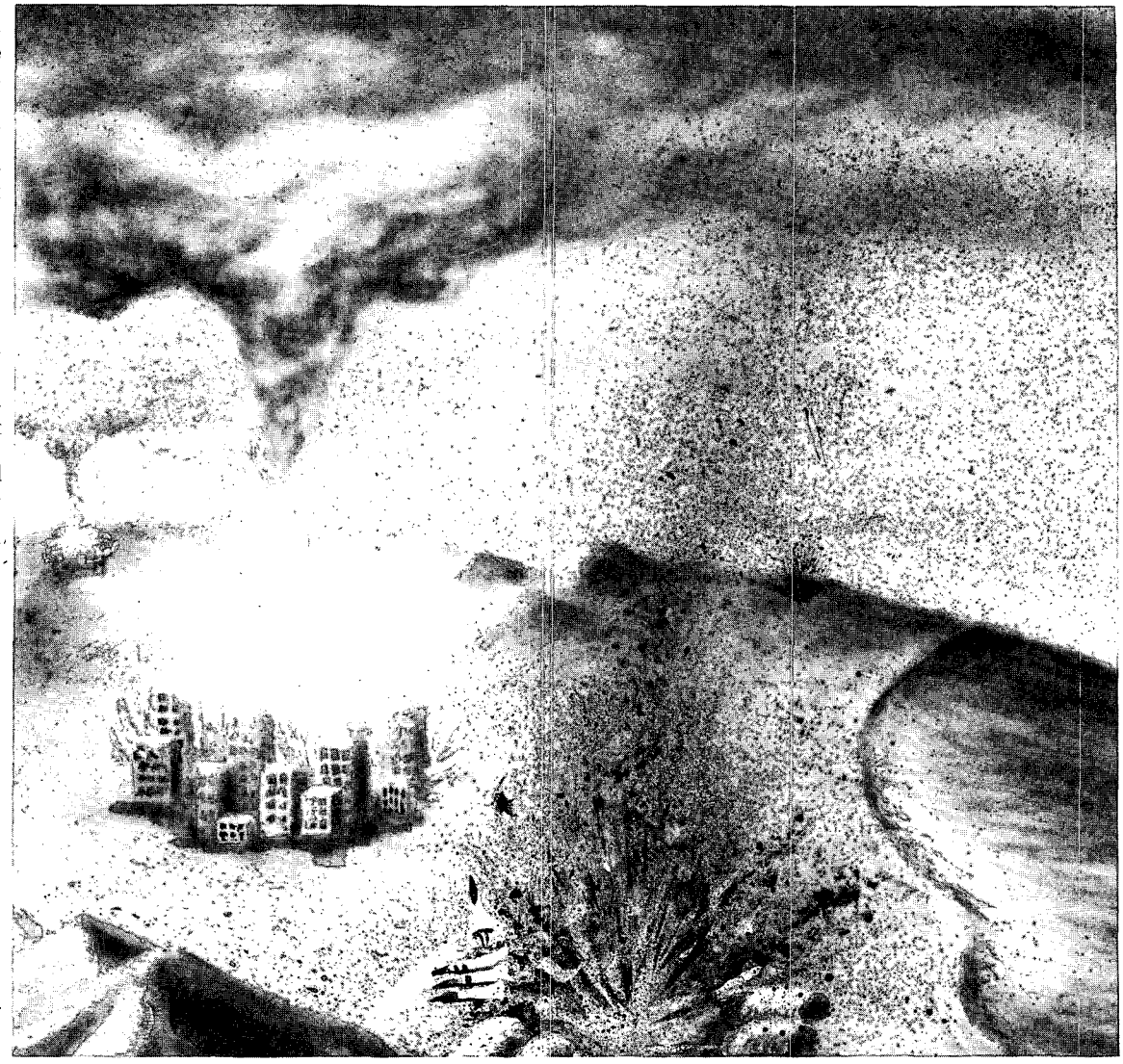
The possibility of a nuclear winter makes the MAD doctrine look more insane than ever.

In fact, the TTAPS study did not take into account many of the moderating effects of water in atmospheric dynamics and radiative effects. The researchers appear to have ignored not only the generation of large amounts of water through combustion from the postulated fires, but also the much-larger mass of water that is naturally present in the atmosphere. Through continuous evaporation and precipitation, this water completely recycles itself in about one week. In their baseline case, the TTAPS researchers calculate the emission of 225 million tons of smoke, but this is about *10,000 times less* than the mass of atmospheric water. Thus, according to nuclear physicist Edward Teller, the TTAPS assumption that dust and smoke particles would remain in the troposphere for weeks to months is highly suspect.

In their projections of atmospheric cooling, Turco and team also neglected the critical impact of the oceans, which cover most of Earth's surface. The sea would powerfully mitigate cooling from a nuclear cloud, because it has an immense capacity to hold heat and, at the surface, transfers heat to the atmosphere very well. Thus, no matter what the initial cooling over land surfaces, the ocean temperature will not change signifi-

The Nuclear Winter Hypothesis

The authors of the TTAPS study considered many different scenarios of nuclear war that might create a nuclear winter. Their baseline scenario is depicted below.



Altogether, combatants detonate nuclear weapons with a total explosive yield of 5,000 megatons, in 10,400 simultaneous explosions. Of the total yield, 57 percent is in surface bursts, with 20 percent of the yield hitting urban or industrial targets (population centers, that is).

Of the urban fires ignited, 5 percent become firestorms, sending smoke and soot into the stratosphere.

Instantaneously, the 10,400 explosions inject smoke, soot, and dust into the stratosphere, creating a uniformly dense cloud that blocks much of the sun's heat and light from the Northern Hemisphere.

Within three weeks, temperatures in the Northern Hemisphere drop to subfreezing levels and do not rise above freezing for three months.

cantly, and it will act as a massive heat source to warm the atmosphere, rapidly increasing the temperature at the coastlines and eventually the interior temperatures, as well. Moreover, temperature differences at the shore would likely cause massive storms, which would accelerate the moderating and scavenging processes.

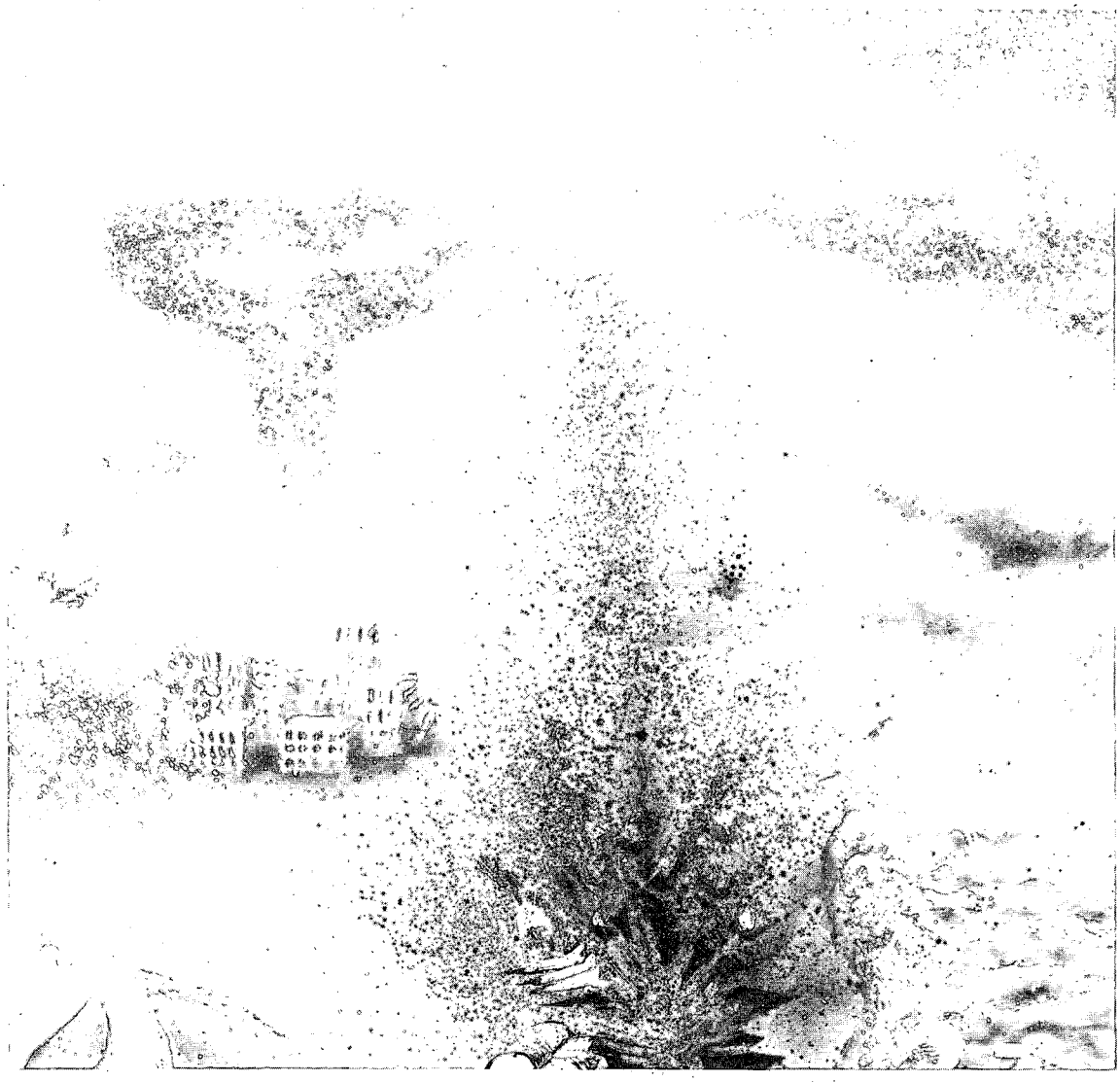
If a nuclear conflict produced 10 times less smoke than TTAPS predicted, and if other moderating processes (rain, for example) were to reduce by three times the average cloud opacities that TTAPS predicted, climatic effects would hardly be noticeable, except in the local areas of the explosions. The biological consequences of a nuclear cloud, too, would be negligible compared to the effects of the blast, fire, radiation, and fallout. As John Maddox stated eloquently in an editorial in the British science journal *Nature*, the nuclear winter hypothesis is not yet established, and "talk of some of the consequences of nuclear warfare had better be postponed until the underlying assumptions are better understood."

We do know, however, that nature has already "performed" an experiment that tends to refute the TTAPS predictions. In 1815, the largest and deadliest volcanic eruption in recorded history occurred with the explosion of Mount Tambora on the Indonesian island Sumbawa. Writing in *Science* magazine last year, NASA scientist R. B. Stothers calculated that this explosion injected approximately 200 million tons of particles into the stratosphere, on the same order predicted by the TTAPS baseline scenario. "Mean temperature in the Northern Hemisphere apparently dropped by 0.4 to 0.7 degree in 1816," Stothers further reported. There were remarkable meteorological phenomena, Stothers noted, but no long-lasting widespread winterlike effects or biological disasters.

In order to disarm critics who believe that their baseline case is not the only way a nuclear war might be fought, the TTAPS authors performed similar calculations on at least 18 different nuclear-exchange scenarios, with the "smallest" being the previously mentioned 100-megaton, air-burst attack on cities only. The researchers varied their assumptions of total explosive yield, warhead sizes, and percentage of yield hitting on cities, rural areas, etc. They concluded that many different scenarios above the 100-MT "threshold" would cause nuclear winter. Thus Paul

Why Nuclear Winter Is Unlikely

Even if the TTAPS baseline scenario reasonably represents how a nuclear war might be fought, its assumptions about environmental and physical effects are highly doubtful.



Particulate injected into the stratosphere (half, perhaps), would rapidly fall back to earth from the force of gravity. The balance would condense enough to create storms there, removing much of the smoke, soot, and dust that TTAPS hypothesizes would remain in the stratosphere for months.

Acting as vast thermal reservoirs, the oceans would heat the atmosphere, coasts, and, eventually, the continental interiors. Moreover, the meeting of ocean-warmed air and cooler air over the continents would cause storms at the coastlines, and these would further remove smoke, soot, and dust from the skies.

The nuclear cloud that TTAPS assumes would be uniformly dense would actually be patchy, with holes here and there allowing more sunlight and heat to reach the earth's surface than TTAPS estimates.

Ehrlich states that "the [TTAPS] predictions of climatic changes are quite *robust*."

If this is true, why must Ehrlich and company use the worst-case scenario for their projections of biological effects (a 10,000-megaton exchange in which the properties of the cloud's particles "are assigned adverse but not implausible values and in which 30 percent of the soot is carried by firestorms to stratospheric altitudes")? Ehrlich and some of his colleagues seem to have a "strange love" for apocalyptic predictions.

In fact, even if one could accept the TTAPS researchers' methods, their nuclear-winter predictions are *not* robust. All of the cases they postulate to cause climatic changes involve substantial burning of cities, which contributes the bulk of smoke. At one place in their study, the TTAPS authors implicitly admit this. Yet Sagan and Ehrlich have not mentioned this assumption in their public presentations on the issue.

The National Research Council's December 1984 study of the nuclear-winter hypothesis—which TTAPS researcher Richard Turco says "legitimizes" the hypothesis—similarly overemphasizes attacks on cities in its nuclear-exchange scenario. The study assumed a 6,500-megaton war with the largest NATO and Warsaw Pact cities among the targets. The NRC calculations concluded that within only days following such a war a nuclear cloud could block 99 percent of the sun's light from reaching the Northern Hemisphere.

If urban areas—population centers, that is—are *not* deliberately attacked, nuclear winter is unlikely. If they are deliberately avoided, climatic catastrophe is probably impossible.

The suggestion that cities will *not* be burned in a nuclear war may seem surprising to anyone who saw the ABC television movie *The Day After* or the film *Last Epidemic*, presented by a group calling itself "Physicians for Social Responsibility." In the standard PSR presentation of a nuclear-war scenario, every major American population center is the direct target of massive air-burst attacks. These scenarios violate everything that is publicly known about Soviet targeting policy and are most probably contradictory to current US target priorities, as well.

Common sense dictates that in case of nuclear conflict, the first-priority targets must be the enemy's nuclear-weapons-launching facilities, including missile silos, submarine bases, and bomber bases. Of second priority would be command, control, and communications facilities, and third would be other military

installations and non-nuclear forces. Fourth, perhaps, would be industrial targets that would provide an enemy military support in case of a long war. Populations per se should be *last* on the list—unless the goal is pure revenge or the civilian and military leadership have jointly gone insane with a desire for mass murder.

But there is more than common sense behind this assessment. Soviet military leaders have stated openly and repeatedly that their objective is not to turn the large economic and industrial regions into a heap of ruins but to destroy strategic combat means and paralyze military production. In other words, their basic strategy is one of *counterforce*—targeting enemy facilities of strategic military value—not *countervalue* (attacks on population and nonmilitary production facilities).

Much of the confusion and misunderstanding about this issue has been caused by widespread publicity for the idea of "mutual assured destruction" (MAD), a doctrine usually attributed to former Defense Secretary Robert McNamara. In case of massive attack on the United States and its allies, the doctrine asserted, enough nuclear weapons would be left—and *would be used*—to assure destruction of all major cities in the attacking country.

Even if this doctrine were ever desirable because of technological limitations that prevented weapons from accurately hitting only military targets, or for establishing mutual deterrence through a "balance of terror," subsequent technical developments have made weapons much more accurate for counterforce targeting—and the side-effects of even a pure counterforce attack are quite terrible enough to assure deterrence with current arsenals. President Reagan recently issued a directive on counterforce targeting—population centers per se are not to be attacked deliberately—and many experts now believe that US targeting strategy is now as "humane" as that of the USSR.

Nevertheless, many military-industrial targets are in or near cities, and even a "pure" counterforce attack would cause terrible collateral damage to civilian populations, especially if explosions are inaccurate or if especially powerful bombs are exploded in air bursts. Currently both the US and Soviet arsenals are being rapidly modernized, and the USSR—like the United States—is believed to be decreasing the explosive power of warheads as targeting becomes more accurate.

If the nuclear-winter prediction is scientifically valid at all, the maximum risk of its occurrence was probably in the late '50s and early '60s, during the era of multimegaton warheads, inaccurate missiles, and the MAD doctrine. The more recent increases in the number of tactical weapons and the advent of smaller but more accurate delivery systems (MIRVs and Cruise missiles) may have increased the total number of weapons but probably did not increase the risk of burning cities. In these days of "nuclear freeze" propaganda, few people realize that the total explosive yield of the US weapon stockpile is now only approximately a quarter of what it was two decades ago.

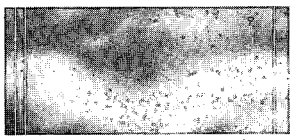
To sum up the discussion to this point: the TTAPS researchers' model calculations and assumptions are equivalent to a worst case. Although plausible as an extreme limit under certain nuclear-exchange scenarios, a worldwide, catastrophic nuclear winter is an unlikely outcome. Furthermore, the nuclear-winter hypothesis is much less plausible under scenarios that involve less city-burning than the TTAPS team generally assumed. And since common sense, current strategy, and technical trends all make countervalue (city-directed) attacks less likely, climatic disaster is rather improbable.

Yet despite the widely acknowledged uncertainties about the nuclear-winter hypothesis, many who ought to know better are presenting the prediction as all but certain. At the October-November 1983 nuclear-winter conference in Washington, for instance, conference spokesman Paul Ehrlich uttered a string of doomful pronouncements, as if only minor details remained to be worked out. "If there is a full-scale nuclear war," Ehrlich said, "odds are you can kiss the Northern Hemisphere good-bye." And: "There is simply no question of what the long-term effects of any size nuclear war are going to be. Catastrophic. So there is no need to hang tough, wait for more research, see what happens."

Carl Sagan, too, has promoted the hypothesis as if it is all but fact. In a *Parade* magazine article that appeared nearly one year after his original "Nuclear Winter" article of October 1983, for example, Sagan viewed the nuclear-winter hypothesis as sufficiently confirmed to render any civil defense "a dismal and largely untenable prospect." And when the National Research Council issued its nuclear-winter study in December 1984, Sagan quickly seized its findings as an endorsement of the TTAPS conclusions. Physicist Jonathan Katz, a member of the NRC study panel, corrected Sagan, noting in a letter to the *New York Times* that the NRC study "emphasized the very large uncertainties plaguing all calculations of this phenomenon." Katz concluded: "This difficult problem needs further research. It does not need partisans claiming that it is settled."

Unless it is proven impossible, the very idea of a nuclear winter makes it necessary to do more accurate calculations based on better models, with more realistic assumptions, more likely scenarios, and improved data about the emission of smoke, its properties of light absorption, etc. Various governmental bodies have now commissioned a number of studies to address what the December 1984 National Research Council study called "enormous uncertainties" still surrounding the nuclear-winter hypothesis. Among those performing or commissioning studies are the National Oceanic and Atmospheric Administration, the Defense Nuclear Agency, the Department of Energy, the National Aeronautics and Space Administration, and the Environmental Protection Agency.

Despite the widely acknowledged uncertainties about the nuclear-winter hypothesis, many who ought to know better are presenting the prediction as all but certain.



If the plausibility of the nuclear-winter hypothesis is to be accurately determined, such studies must, for example, develop a realistic model of how dust and smoke would spread throughout the atmosphere both longitudinally and latitudinally. Just as essential are models for the distribution of smoke and dust over time, assuming more realistically than the TTAPS study does that all nuclear attacks would not occur simultaneously but spasmodically.

How water contributes to the scavenging of smoke particles and how the oceans mitigate temperature changes also are important to investigate. Moreover, all data from previous atmospheric weapons tests and from World II firebombing should be released, so that this information can be reviewed to refine our knowledge of how dust, smoke, and soot are injected into the atmosphere.

A nuclear winter, if it occurred, would be felt far from the site of attack and thus redound to the detriment of the attacker. It could affect every nation in the Northern Hemisphere (effects in the Southern Hemisphere are expected to be much less). Thus, data and calculations on the nuclear-winter hypothesis should be shared with the USSR and all nuclear-armed nations, as it would be in all of our interests to prevent such an occurrence. This is one hypothesis that no one wants to test with a full-scale experiment.

If more-refined calculations still suggest the possibility of a nuclear winter, but with uncertainty due to lack of sufficient data about dust or smoke injection from actual tests, we might consider a minimal atmospheric test series, especially near a forest or simulated city, done in cooperation with the USSR, with other nations as observers. This sounds outrageous only until one realizes that "the fate of the earth" could hang in the balance. It would be an absurd irony if the atmospheric test ban treaty (signed by the United States, the USSR, and other nations in 1962) has "backfired" on the world, leading to the buildup of potentially suicidal nuclear stockpiles because atmospheric effects of nuclear war are not understood. (Obviously, any such tests should be done with every effort to avoid sending radioactive fallout toward downwind populations.)

A "freeze" on present nuclear stockpiles and weapons development, however, would be an especially *absurd* response to the fear of nuclear winter: it would keep in place the very weapons that are alleged to be capable of causing global catastrophe—very powerful weapons that are less accurate than weapons now being developed. A much more logical response would be to negotiate a "build-down" (for example, eliminating two old weapons for each new one produced), or mutual "deep cuts" (for example, each side eliminating 20 or 30 percent of the total megatonnage of their arsenals). Most vital is to eliminate the weapons with explosive yields greater than one megaton, which produce the most collateral and environmental damage, the largest area of fire in air bursts, and the largest amount of stratospheric dust from surface bursts. These have largely been removed from the US stockpile but are still somewhat prevalent in the USSR arsenal. If the nuclear-winter hypothesis has any validity, it is in our interest (and the Soviets' as well) to do away with these weapons. And, of course, there are moral and environmental reasons for doing away with these weapons, as well.

Strategic-arms *reduction* and modernization are also desirable on these grounds. But a "freeze now" could make it more likely that we will all freeze later in a nuclear winter.

As I noted earlier, calculations of the likelihood of nuclear winter strongly depend on assumptions that 100–1,000 cities will burn. So if the nuclear-winter prediction has any validity, it would imply that *urban areas should be removed from target priority lists* on practical grounds of self-interest, as well as on moral grounds. In his 1962 book *Thinking About the Unthinkable*, Herman Kahn anticipated this strategy when he detailed a "counterforce plus avoidance" targeting policy: only militarily strategic sites should be attacked, with deliberate efforts to spare people and civilian property. Indeed, the possibility of a nuclear winter makes the MAD doctrine look more insane than ever and is another argument for counterforce instead of countervalue military strategy.

At conferences on the nuclear-winter idea in late 1983, publicists of the idea proudly announced that this new argument would "put the final nail in the coffin" of civil defense. Paraphrasing Mark Twain, rumors of the death of civil defense are again highly exaggerated.

It may seem paradoxical, but if the chance of a nuclear winter is justified scientifically and accepted by the nuclear powers, long-term civil defense and medical preparations will be all the more desirable. If military planners appreciate that a city-burning strategy might cause mutual suicide from a nuclear winter, they will continue to shift toward a "counterforce plus avoidance" strategy. This would mean fewer fire-producing air bursts over cities and more fallout-producing ground bursts on military targets, with more people surviving attack but needing shelter from increased radioactive fallout, as well as food, water, medical attention, and supplies. Civil defense is still necessary for future scenarios of all-out nuclear war, as well as for all other possibilities (accidental detonation, limited war, terrorist explosion, attack by a smaller nation with a crazed dictator, etc.).

A portion of current expenditures on "defense" (offense, in reality) should be shifted into truly passive (that is, civil) defense. A shelter cannot directly kill a Russian or any other person, while both old and new weapons can. Lest the USSR misunderstand this action as a prelude to attack, we should invite the Soviets to join in an open race to protect both our populations instead of making them more vulnerable to mutual destruction. Even if strategic-arms-reduction talks are successful, there will be periods of danger during reduction when war may be more likely because of suspicions about mutuality, worries about inadequate verification, doubts about the adequacy of a remaining deterrent, etc. Adequate civil defense could help to bridge this credibility gap on the way to mutual assured survival.

Nuclear winter may be possible, but it is highly improbable. To the extent that it is possible, the risk can be reduced by shifting strategy from targeting attacks on cities to "counterforce plus avoidance" and by emphasizing civil defense and preparedness, along with bilateral strategic-arms reduction and modernization of weapons instead of a nuclear freeze.

Apocalyptic predictions of the end of humanity, however, in spreading the message that such measures are futile, can only worsen our present unenviable situation. Such predictions are, as usual, more useful for irresponsible propaganda than for the kind of careful thinking that is necessary to avoid nuclear disaster while preserving freedom from potential aggressors. ◧

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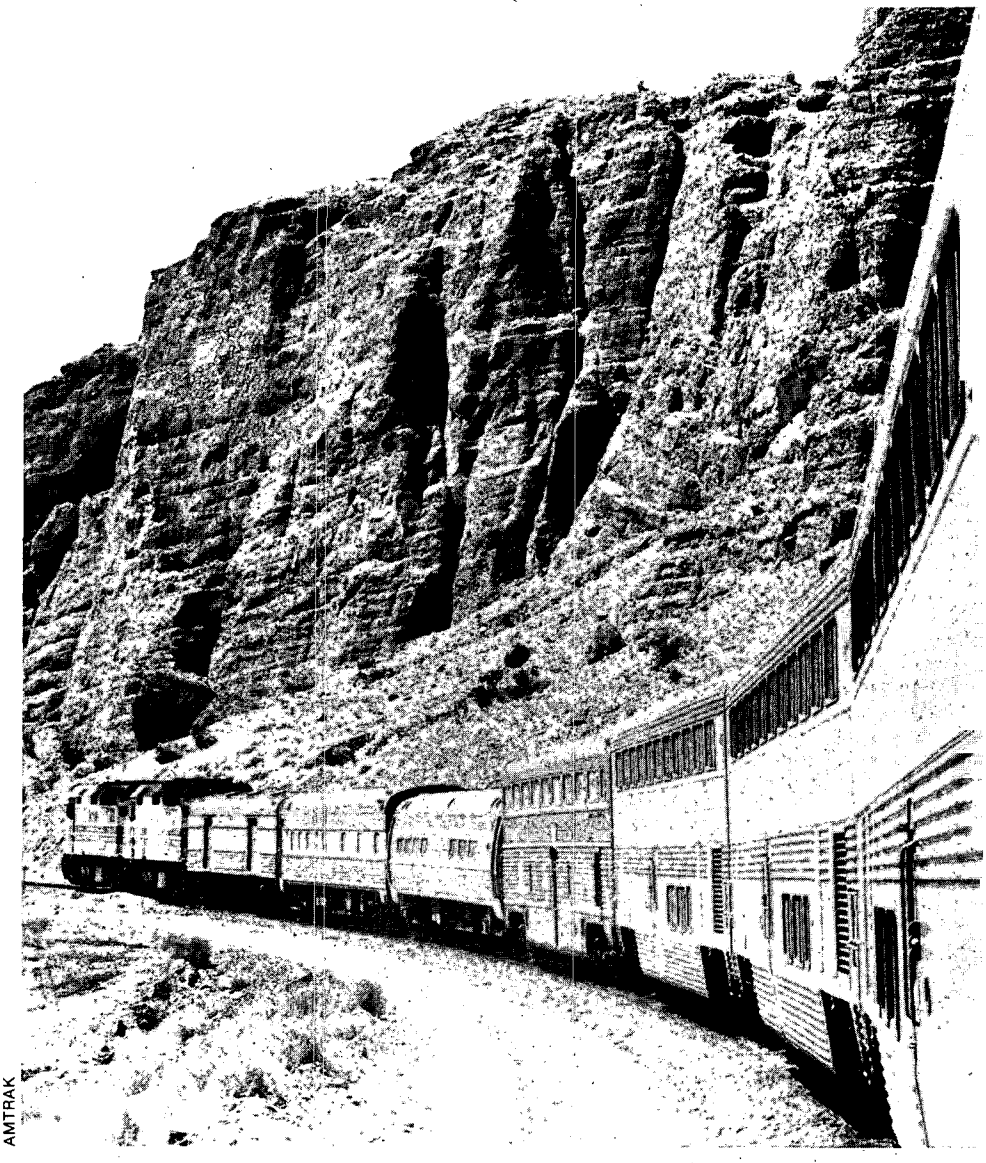

AMTRAK

The Reagan administration, as part of its deficit reduction package earlier this year, proposed the elimination of Amtrak subsidies. This move to cut federal largesse has brought forth howls of protest from a small but vociferous clique of rail passengers, Amtrak management, and selected members of Congress.

Amtrak's management has launched a propaganda blitz aimed at obscuring the facts in order to protect continued subsidies. Included in this blitz are assertions that Amtrak has made "substantial progress," that Amtrak serves vital national purposes, and most important, that Amtrak is actually undersubsidized when compared to aviation- and highway-transportation alternatives. All of these assertions are either exaggerated or false.

Take the claim that Amtrak has made substantial progress. In fiscal year (FY) 1972, its first full year of operation, Amtrak reported a deficit of $153 million. But in its FY 1983 annual report, Amtrak's deficit had mushroomed to $805 million. Admittedly, the FY 1983 deficit was not as enormous as the FY 1981 $871-million deficit, but it is higher than FY 1982's $795-million loss. The prognosis is for annual losses in the $700-900 million range for the foreseeable future.

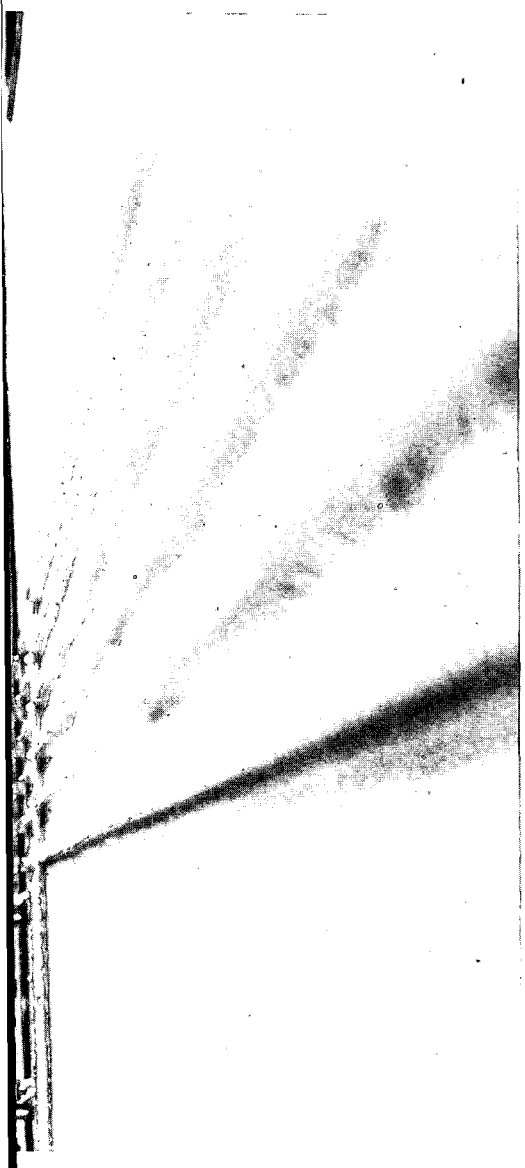
Interestingly, the official losses reported by Amtrak are only the tip of the iceberg of public subsidies. Over the FY 1979-1983 period, Amtrak's acknowledged losses have amounted to $3.8 billion. However, these do not include the interest-free, 99-year, renewable loans it has received from the federal government. When total government assistance to Amtrak over those years is added up, the sum actually reaches nearly $6.3 billion. Thus, the losses are far larger than Amtrak itself would admit.

Other typical measures of Amtrak's progress such as number of passengers, passenger miles of travel, and market share have declined rather than advanced over the past five years. Substantial progress has not been achieved, nor is it likely as long as Amtrak has access to public subsidies. Politics and bureaucracy ensure that no significant gains can be made for this government-owned rail system.

What vital national purposes does Amtrak serve? Of those long touted by Amtrak, there are none of any significance that cannot be attained via more cost-effective means. Environmentally, Amtrak generates more air pollution per passenger mile of travel than either intercity buses or commercial airlines, according to a 1981 study by economist Francis Mulvey of Northeastern University. On a passenger-mile basis, Amtrak isn't any more fuel-efficient than the average automobile, Mulvey's research revealed.

As for the social-welfare implications, Amtrak can't even use the excuse that the poor are dependent upon its service. The Congressional Budget Office, in its 1982 report *Federal Subsidies for Rail Passenger Service*, pointed out that most Amtrak riders have higher incomes than most taxpayers. As a result, the effect of continued Amtrak subsidies is to transfer income from poorer to richer people.

In addition to this redistribution of wealth, Amtrak subsidies have other effects on the entire economy. Amtrak frequently boasts of all the jobs it "creates." They have the payroll receipts and the invoices to "prove" their case. However, this is a classic case of superficial analysis. While the end of federal subsidies would result in lost employment at Amtrak and some of its suppliers, the alternative uses of these funds in the private sector would produce many more jobs. The reason is that loss-generating uses of resources like Amtrak consume and extinguish capital. Profit-making uses of resources, in contrast, increase available capital. Thus, since it requires capital to support employment, the net effect of Amtrak subsidies is actually to *reduce* employment. From its beginning to FY 1983, the $17 billion in capital consumed by Amtrak has resulted in a permanent loss of between 150,000 and 400,000 jobs (using the generally accepted figures of be-



Don't Let Amtrak Con You

President Reagan is trying to cut Amtrak's billions in subsidies, but the great train bureaucracy is fighting back — with a lot of flimflam.

By John Semmens

tween $40,000 and $100,000 of capital investment per new job created).

But the keystone of Amtrak's argument for continued government subsidies is that other forms of transportation receive even larger subsidies. We can be grateful that Amtrak has raised this issue—but, unfortunately for Amtrak, it does not bolster its case for continued funding.

Playing the Numbers Game

To begin with, subsidies create both inefficiency and inequities. Moreover, the figures on subsidies by type of transportation system show that Amtrak receives a far *larger* subsidy per passenger mile than any other form of transportation. The 1982 Congressional Budget Office study found that per passenger mile, Amtrak subsidies were over *100 times larger* than subsidies to air, bus, or auto passengers. The Arizona Department of Transportation came up with similar figures in a study published in 1982, and my own calculations based on more recent data produce the same type of results (see chart, p. 38).

Why is Amtrak's performance so bad compared with other passenger transportation? First, there is Amtrak's relative unattractiveness. As a means of intercity passenger transportation, Amtrak appeals to less than one percent of the traveling public. Based on 1983 data, Amtrak's share of intercity passenger traffic was a measly 26/100ths of one percent. Amtrak's claims of progress notwithstanding, this share is even lower than the miniscule 31/100ths of a percent it achieved in 1980.

Second, user taxes in aviation and highways cover most of the government's costs of providing services to them. Ticket taxes and fuel taxes generate around $3.5 billion per year for the aviation trust fund, enough to cover about two-thirds of total federal expenditures on airports and air-traffic control. And of the $12 billion spent on highways by the federal government, *all* comes from user taxes. The only subsidies to highway users come from state and local governments. (Of course, this doesn't make these subsidies any more justified, but Congress has no direct authority to end such subsidies.) In stark contrast to air and highway travelers, Amtrak riders pay no user taxes. So when it comes to subsidies, taxpayers are paying a lot and Amtrak is producing very little by way of actual passenger service.

In fact, it would be cheaper for the government to provide free airline tickets than to continue operating Amtrak. Just the subsidy per passenger mile on Amtrak of 27 cents is more than double the *total* average air-fare cost of less than 12 cents per passenger mile. At this point, Amtrak apologists usually assert that at 100 percent load factors (in other words, if every seat on every train is filled for every minute of operation) rail passenger service is efficient. As unrealistic as this fantasy of 100 percent load factors is, Amtrak *still* costs more than air service. At 100 percent loads, the cost per passenger mile for air service would be 8 cents versus a subsidy of 13 cents for Amtrak.

In view of these facts, what are we to make of Amtrak's recent claim that other modes of travel are more heavily subsidized? In a February 22, 1985, news conference, Amtrak president W. Graham Claytor claimed that competing forms of transportation have large "hidden subsidies." He specifically mentioned

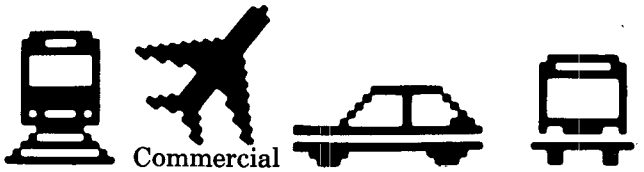
highway construction funds, government-paid air traffic controllers, and tax deductions for business travel. Claytor claimed that the government actually spends about $42 subsidizing each airline passenger, compared with the $34-per-passenger Amtrak subsidy.

What Claytor was doing was the old trick of comparing apples and oranges. For Amtrak's highway and airline competitors, Claytor added up federal spending on each mode but ignored the substantial offsetting federal revenues from user taxes. In contrast, the figures to the right reflect *net* government spending—that is, expenditures *minus* revenues.

Taking Taxpayers for a Ride

Estimated subsidies by mode of transportation

(cents per passenger mile)



	Amtrak	Commercial aviation	Private auto	Intercity bus
Congressional Budget Office, 1982	23.60	.20	.10	.10
Arizona Dept. of Transportation, 1982	27.91	.26	.21	.15
Semmens, 1985	26.70	.16	.25	.17

In addition, Claytor added in the dubious concept of "tax expenditures"—the federal tax revenue foregone due to the tax deductibility of business travel. Of the alleged $42 to subsidize each airline passenger, $33 of that figure is from this source and is not actually a subsidy at all—unless one is prepared to accept the premise that any of your money that government allows you to keep rather than taxing away is a subsidy to you!

Claytor's remaining $9-per-passenger airline subsidy is attributed to a difference between federal aviation expenditures and user-tax revenues, divided by the total number of airline passengers. This, too, is entirely spurious. A whole series of US Department of Transportation cost-allocation studies has concluded that the airlines more than pay their way in terms of user taxes. The only significant subsidization is of general aviation (business jets and private planes), *not* commercial aviation. Thus, Claytor has incorrectly attributed the subsidy to the wrong class of aviation users. Finally, the $34-per-passenger Amtrak figure reflects only the subsidy of operating costs. The billions of tax dollars spent on capital costs are excluded.

The measures of merit for any government program should be whether it is efficient and equitable. A program is efficient if it produces more in value than it costs to support. A program can be judged equitable if it adheres to a consistent ethical principle. Subsidies to Amtrak pass neither of these tests.

We can measure the value of Amtrak service by observing the choices people make, and Amtrak riders choose *not* to pay fares sufficient to cover the cost of service. Indeed, fares cover about one-third of the full cost of service. (Amtrak management claims that fares cover 55 percent of costs, but this calculation excludes capital costs. Another way of stating the fare-recovery statistics would be to say that riders cover 55 percent of operating costs and zero percent of capital costs.) Instead, many vocal Amtrak supporters make a different choice. They lobby Congress to force taxpayers to pay the bulk of the cost of the service. What this indicates is that Amtrak's riders don't feel the service is really worth the cost. The stridency of their demand that others be forced to pick up the tab is a clear demonstration that Amtrak's cost exceeds value. For its part, Amtrak management corroborates this view when it assures us that without forced extractions from unwilling taxpayers, no train service will be provided.

The Great Train Robbery, 1985

If there is an equity principle at work in the subsidizing of rail passenger service, it is difficult to imagine what it might be. Altruists must surely be repulsed by Amtrak's inverted Robin Hood technique of robbing the poor to give train rides to the rich. And there is the obvious injustice of coercing innocent taxpayers to pay for the special interest of a handful of rail passengers.

For its part, Amtrak justifies this coercive financing by arguing that "everybody else is doing it." One wonders how low public discourse has fallen with Amtrak resorting to such juvenile logic. The fact that European and Japanese governments routinely gouge their taxpayers to provide subsidized rail service hardly justifies emulation in this country. In addition, it may be no worse for Amtrak to be subsidized than for mass transit, or farmers, or any other special group to be subsidized. But it is wrong nonetheless.

Finally, what about Amtrak's claim that ending subsidies would result in the demise of the passenger train? Years ago, everyone who traveled between the United States and Europe went by boat. Since then, advances in technology have reduced ocean-going passenger travel to a tiny fraction of the total traffic. Fortunately, there is no "Amboat" consuming hundreds of millions of dollars each year in a futile effort to turn back the clock. Instead, there is a small but thriving market for privately owned and operated ocean cruises.

The millions of dollars worth of equipment and facilities that can produce only huge financial losses in the hands of a moribund corporation might, under the right circumstances, be turned to better use in the hands of new management. The vitality of the free market depends upon the ability to put resources to their best uses. It is possible that a residual demand for rail passenger service can be met in more effective fashion by the market.

In any event, Amtrak, as originally conceived, was to become a "for-profit corporation." It has abjectly failed to do so. This failure is no source of shame. The resort to taxpayer-funded subsidy, however, is. ◻

John Semmens is a senior policy analyst with the Arizona Department of Transportation. The views expressed in this article are his own and do not necessarily reflect the views or policy of the department.

The Budget Revolution That Wasn't

If you believed candidate Ronald Reagan in 1980, you should have seen federal spending of $760 billion last year. Instead, it was $842 billion. Any guesses about 1988 spending?

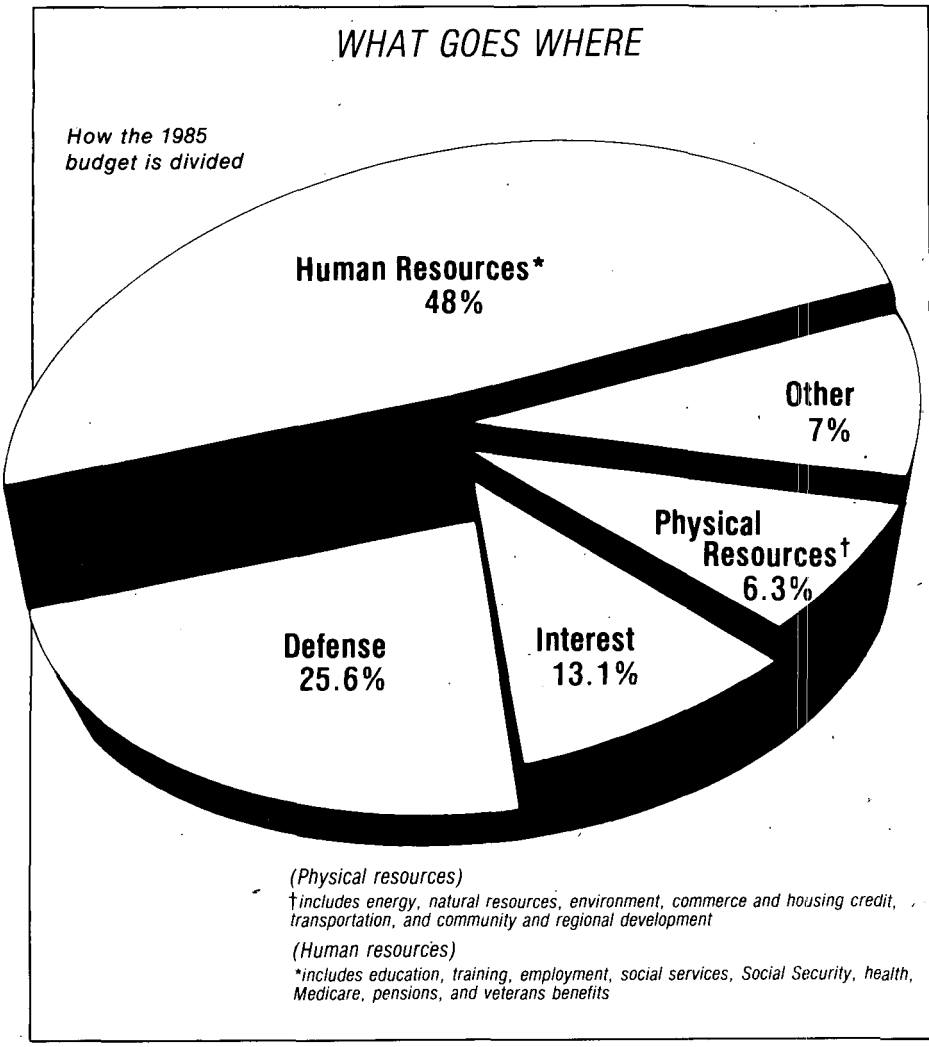
By Doug Bandow

In Washington, the lengthy budget festivities are well under way. President Reagan is seeking essentially to freeze total federal spending next year at the 1985 level. He's come up with an attractive list of budget cuts—the Small Business Administration, the Export-Import Bank, food stamps, Urban Development Action Grants, the Economic Development Administration, Amtrak, agricultural price supports, and the like. And this isn't all. In his inaugural address, Reagan pledged to "take further steps to permanently control government's power to tax and spend."

But we've heard all this before. Four years ago, Reagan promised an end to "waste, extravagance, abuse and outright fraud" in federal spending and pledged a balanced budget. Revolutionary fervor swept the capital. Meg Greenfield wrote in *Newsweek* that "you can mark down the first two weeks in February as the time when people all over this city—not just those ritually opposed to domestic budget cuts, but also those ritually and noisily in favor of them—looked at each other with disbelief and said, with shared alarm, 'My God, what if he isn't kidding?' " And Reagan wasn't, or so it seemed, when he targeted nearly 300 programs for total spending cuts of $49 billion just in fiscal year 1982 (October 1981 through September 1982).

But by the end of Reagan's first term, the old revolutionary fervor had come to naught. His zeal to cut the budget had disappeared. Last year, in fact, the government spent nearly *half again* as much in nominal dollars as it spent under President Carter in 1980. Washington gobbled up a quarter of the country's GNP (gross national product) in 1983, which is a peacetime record. And that percentage is not expected to drop back to its 1980 level before the end of Reagan's second term, if then.

It's interesting that despite all this, both Reagan and his most bitter political


WHAT GOES WHERE
How the 1985 budget is divided
Human Resources* 48%
Other 7%
Physical Resources† 6.3%
Interest 13.1%
Defense 25.6%
(Physical resources)
†includes energy, natural resources, environment, commerce and housing credit, transportation, and community and regional development
(Human resources)
*includes education, training, employment, social services, Social Security, health, Medicare, pensions, and veterans benefits

opponents claim that he has changed America's budget landscape dramatically by cutting spending. Reagan himself issues proclamations about "near-revolutionary" budget austerity, while former Rep. Shirley Chisholm (D-N.Y.), for one, has charged that spending cuts have shredded the "social safety net." Both are wrong. The austerity has been largely imaginary, and domestic spending (which is what Chisholm tacitly equates with the "safety net") is actually *higher* now than before Ronald Reagan took his first oath of office.

Measuring the Extravagance

In order to understand just what has happened so far under Reagan, it's useful to recall that budget savants use a special lexicon. Their technical terms include *nominal spending*, which means the face value of the federal budget, and *real spending*, which is the nominal amount adjusted for inflation. More important, though, is the political jargon. A "budget cut" is only rarely what most human beings would think of as a cut. Usually, "cutting the budget" means spending *more* money and only slowing the rate at which the budget is expanding.

With the proper terminology under our belts, we can turn to Reagan's record. There are many ways to assess that record, but it is most revealing to compare 1984 spending levels with:

- the budget in 1980, the year before Reagan took over;
- Jimmy Carter's proposed 1984 budget, which was drawn up before he left office in January 1981;
- the amount that Reagan's own Office of Management and Budget (OMB) says would have been spent last year if no cuts had been made;
- the 1984 budget that Reagan himself proposed during the 1980 campaign; and,
- the 1984 spending levels that he first proposed after taking office.

Let's look at them one by one.

The federal government spent $577 billion in 1980, Carter's last year in office. As huge as that amount is, it's still considerably less than the $842 billion in total outlays in 1984. Now, those are nominal figures—but even in real, inflation-adjusted terms, outlays grew an average of 3.4 percent annually during Reagan's first term of office, not much better than Jimmy Carter's 3.9 percent.

At the same time, Carter's record was substantially better in another important respect. The portion of the GNP absorbed by government increased in Reagan's first term by 1.6 percent, but under Carter, it edged up by only 0.2 percent.

So by the first measure, Reagan's record is not all that good. How about the second measure—Carter's lame-duck budget proposal for 1984? There are no laurels for Reagan there, either. In real spending, Reagan *exceeded* by 15.6 percent the spending that Carter had envisioned (although in fairness to Reagan, one should remember that Carter exceeded his other budget estimates).

Judged by the third standard, the Reagan record looks a bit better. The OMB has run an analysis—with the latest unemployment, inflation, and GNP forecasts—to project what spending would have been in 1984 by the "pre-1981 baseline." In other words, it calculated what the government would have spent under the Carter budget if neither the White House nor Congress had acted in any way to slow spending growth.

Without any of Reagan's budget initiatives, the OMB calculated that total spending would have been $51 billion higher in 1984. But in real terms, that success was less than dramatic: after accounting for inflation, Reagan reduced outlays from the pre-1981 baseline by only 0.4 percent. And even *that* figure is dubious, because it makes the unrealistic assumption that Carter in a second term would not have acted in any way to cut the growth of spending.

The fourth measure is one that Reagan devised for himself. In September 1980, Reagan unveiled his "Strategy for Economic Growth and Stability in the 1980s." He set as his goal "to bring about spending reductions of 10 percent by fiscal year 1984," which would result in expenditures of $760 billion. But when 1984 came along, he hadn't even come close. Spending for 1984 actually was more than $80 billion higher than Reagan's campaign target, a 10.8 percent overflow.

Reagan devised the fifth measure as well—this time, shortly after he entered the White House. In March 1981, Reagan sent Congress a package of

budget cuts designed to reduce projected spending in 1984 by $81 billion. Two months later, he released proposals to reduce spending for Social Security an additional $11 billion through 1984. With the combined programs, Reagan's spending target for 1984 was $759 billion, a level slightly below his most optimistic 1980 campaign pledge. But the $842 billion spent by Uncle Sam last year was 10.9 percent above that 1981 goal. In real terms, the gap is bigger, since the 1981 proposals assumed more inflation in 1984 than actually occurred.

So, by four of the five measures, Reagan's budget-cutting policies have been a flop. And even by the only measure that makes him look good, the OMB projection, his record is not all that impressive.

A Billion Here, A Billion There

Much of Reagan's difficulty in slowing, let alone controlling, federal spending derives from the way different components of the budget work, their relative sizes (see chart, p. 40), and how he treats them.

One component is interest payments on money the government has borrowed over the years in lieu of raising taxes or spending less. These payments make up about an eighth of the budget. They can be slashed only by retiring some of the national debt—but that requires other spending cuts or tax increases or both. Interest payments are increasing at an alarming pace. They've already doubled in nominal terms since 1980, when they were $52 billion, and the administration expects them to climb to $148 billion next year. The increase in real terms from 1980 to 1985 is 88.5 percent.

Another big component of the budget is military spending, which consumes more than a fourth of the budget. There's certainly no progress there. On the contrary, if there has been any consistent theme to the Reagan administration, it has been to increase defense outlays. Reagan has already increased nominal military spending from $134 billion in 1980 to $227 billion last year. Even in real terms, that hike is an enormous 35.3 percent.

Despite the size of those increases, they actually reflect only part of Reagan's real long-term impact on military spending. He has not only increased spending on the Pentagon today. He has locked in higher military spending for the foreseeable future by getting Congress to approve large increases in total "budget authority" for new weapons, which will be spent over a number of years. The Congressional Budget Office (CBO) reports that the portion of the military budget going to weapons procurement will climb from 26 percent in 1981 to 38 percent in 1987.

So, it will be increasingly difficult for future presidents or congresses to reduce outlays, since they would have to cancel ongoing projects to do so. In fact, OMB Director David Stockman confessed to *Fortune* magazine last year that "there is a certain inevitability to it all. The major systems have been launched, mission and policy objectives have been approved, the force structure of our armed forces has been raised, so there are not a lot of things that can give way."

There is also a category of federal programs considered "defense-related." These are nondefense programs that serve a military function, such as strategic stockpiles of resources such as oil and "foreign security assistance" (military aid). Reagan increased funding for these "national interest" programs, as OMB terms them, to $32 billion last year—24.8 percent more in real terms than in 1980.

Then there's social spending. When Reagan first announced his budget program, Sen. Howard Metzenbaum (D-Oh.) denounced it as "a perversion of justice" for the middle class. Metzenbaum need not have worried. The middle class is one of Reagan's biggest constituencies, so *its* welfare programs—particularly entitlement programs like Social Security, Medicare, and federal retirement benefits—were protected from big cuts as part of the "social safety net." Indeed, they weren't just protected from cuts. Spending for these programs *rose* from $185 billion in 1980 to $279 billion last year, for a jump of 17.3 percent in real terms.

While the middle class has faithfully supported Reagan, the beneficiaries of means-tested welfare programs (based on need) have never been a Reagan constituency. The administration has pushed harder to reduce federal spending for means-tested welfare programs, such as Aid to Families with Dependent Children and food stamps, than for entitlements benefiting the middle class. Nevertheless, means-tested welfare spending still climbed from $47 billion in 1980 to $65 billion last year, a 7.4 percent rise in real terms. The most Reagan has done is slow the rate of spending increase.

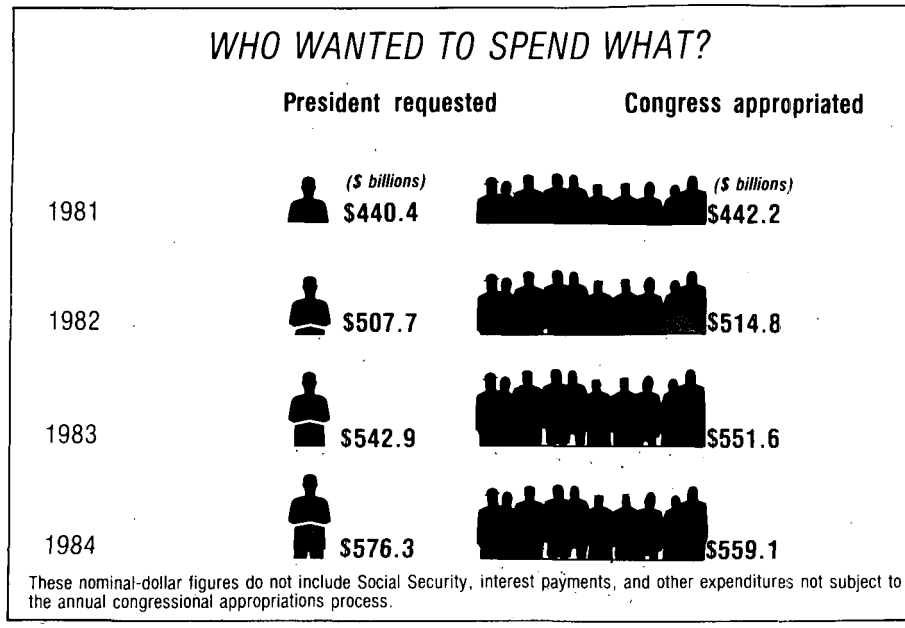
For some budget items, real spending under Reagan has declined. Examples include veterans benefits—but not because of Reagan's budget-cutting prowess. The number of veterans eligible for educational benefits was shrinking (spending on veterans has actually been declining since 1976).

There *are* victories for which Reagan can claim credit, chiefly in areas of

WHAT'S UP, WHAT'S DOWN: 1980-1985

Percentage change in federal spending, adjusted for inflation

National defense	43.7%
General science, space, and technology	16.9%
International affairs	13.7%
Energy	-39%
Natural resources and environment	-29%
Agriculture	73%
Commerce and housing credit	-52%
Transportation	-4%
Community and regional development	-42.3%
Education, training, employment, and social services	-27.5%
Health	12%
Social Security and Medicare	29.7%
Income security	11.6%
Veterans benefits and services	-4%
Administration of justice	10.7%
General government	-1.4%
General purpose fiscal assistance	42.1%
Net interest	88.5%



discretionary spending. For example, after nearly quadrupling in real terms from 1962 to their peak in 1980, handouts to state and local governments and to private businesses have been cut by about half in real terms in four years. Even spending on "infrastructure"—the pork-barrel outlays for highways, water projects, and mass-transit systems that Congress loves—has been slashed substantially. And the "overhead" for government, which includes the administrative costs of regulating business, gathering statistics, collecting taxes, and so on, has been cut (even though IRS and law-enforcement spending has risen sharply).

Every success in budget cutting, however, is more than outweighed by a failure. Agriculture is one of the dismal tales. Spending on price supports and rural-development subsidies, for example, has increased from less than $9 billion in 1980 to more than $20 billion this year (in 1982, spending hit a record of almost $23 billion). And it is the really gargantuan categories of spending where Reagan's record has been less than stellar that make his successes look very paltry indeed.

Culprits Galore

Whose fault is it? There is, not surprisingly, enough blame for everyone.

The economy, which performed more poorly during Reagan's first term than the administration says it expected, is partly at fault. The recession increased unemployment-compensation payouts and outlays for farm-price supports. Meanwhile, higher interest rates and larger deficits pushed up interest costs.

But the economy can be used as a scapegoat only up to a point. After all, inflation was lower than expected. This *reduced* some outlays, particularly for indexed programs. At the most, the economy is responsible overall for pushing expenditures some $25 billion above Reagan's goal.

But that's only about a third of the $82-billion spending overflow. The other $57 billion of the 1984 "budget gap" is nothing but overspending, pure and simple. Who is most at fault there? Reagan says Congress, accusing it of turning down close to half of the domestic cuts that he requested for 1984, worth some $53 billion. Had those cuts been adopted, Reagan claims he would have nearly hit his target.

That may be true, but Congress made up for its extravagance on the domestic side by denying the Reagan administration some $20 billion in military and military-related outlay increases that it requested.

There's another flaw in Reagan's rhetoric. Not all cuts are created equal. To shift the blame to Congress, Reagan has lumped together all the program cuts he ever proposed—including those like the initial Social Security plan that had, in the words of one budget official, "a half-life of a week." Indeed, many of the Reagan cuts were proposed in one budget and subsequently dropped. Others, like reductions in Export-Import Bank funding, were explicitly reversed. And the administration did not fight equally hard even for the cuts it stood by.

And despite Reagan's claims, the difference between overall administration requests and congressional appropriations in the last three years has not been significant (see chart above). Indeed, the total congressional increase above Reagan's spending requests from 1982 to 1984 was only 0.6 percent of the total budget, and Congress appropriated $17 billion less for 1984 than he requested. They made a considerable cut in the proposed budget authority for the Pentagon, and they even shaved the administration's budget for some domestic agencies, such as the Department of Energy.

His budget-cutting reputation notwithstanding, Reagan made significant success almost impossible from the start of his administration by putting the major entitlement programs and the Pentagon essentially off-limits. Stockman now acknowledges that "our biggest failure was that we didn't create a much bigger and better package of spending cuts in the beginning. We should have gone after the big boulders—the social insurance programs. The rest of the budget is thousands of little pebbles."

It certainly didn't help matters that some of the administration's proposals involved phantom reductions. Stockman, for example, has confessed that "there was less there than met the eye" with the original spending cuts because the budget being reduced was artificially high. Two early "cuts" were downright fraudulent: spending for the Strategic Petroleum Reserve, which is now running about $2 billion annually, was simply placed off-budget, and Medicare payments were shifted back and forth between fiscal years 1981 and 1982.

This sort of budgeting with mirrors reappeared the following year, when Reagan pushed a tax hike through Congress on the strength of a promised three-year spending cut of some $284 billion. More than half that "savings" was simply a readjustment in arbitrary estimates of such things as interest rates. Some of the remaining reductions were equally dubious.

Moreover, Reagan did not propose all of the cuts he promised. The first-year budget program, for example, contained what Stockman called the "magic asterisk"—budget cuts to be identified in the future. But many never were. Partly as a result, Reagan's budget projections got progressively worse. His proposed budget for 1985, for example, has constantly escalated, going in nominal dollars from $844 billion in March 1981 to $959 billion in February 1985 (see chart on p. 43).

Reagan's cabinet officers and other agency heads are also among those responsible for the failure to curb spending. Many have consistently requested

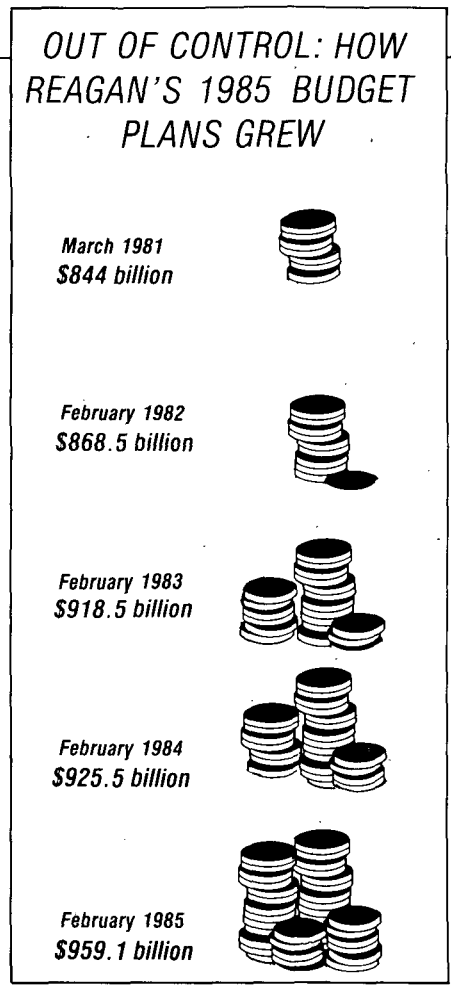
more than the official ceilings projected the previous year, let alone the levels first proposed in 1981. At the same time, the size of the cuts they have proposed to Congress has steadily fallen. The administration does not formally release internal agency requests, but some officials leak their department positions to build pressure from bureaucratic constituents and Congress. In December 1983, for example, the newsletter *Inside Energy* reported that "Energy Secretary Donald Hodel's credibility in budgetary matters appeared redeemed last week as DOE prevailed...to restore $800 million of the approximately $1.8 billion cut" from its 1985 budget by OMB.

This problem became so pronounced in the fall of 1983 that Reagan publicly ordered his cabinet members to revise their budgets to get them below the 1985 projections made the previous February. Presidential spokesman Larry Speakes called Reagan "stern and determined," but White House officials privately concede that virtually nothing came of the effort: the total budget request that went forward in 1984 was still higher than Reagan's 1983 estimates. Knowledgeable White House officials say that Reagan articulates the overall goal of cutting spending, but "item by item he caves in."

Even when Reagan restrains departments' budget requests, their officials often invite Congress to appropriate additional funds. In 1982, OMB was forced to instruct agency personnel to "refrain from giving opinions on how agencies might use more appropriations than the President requested," in order to help "strengthen discipline and support for the President's budget within the Executive Branch."

And despite Reagan's denunciations of Congress's free-spending ways, he has vetoed *only five* money bills. (One of those actually appropriated less than Reagan wanted by slashing his proposed outlays for the military.) Reagan has wielded the veto as a threat, setting veto benchmarks above his proposals—but those targets must be too high, since Reagan seldom feels a need to veto anything. White House chief of staff and former Treasury secretary Donald Regan says that "Congress keeps slipping in, just over the edge, just taking a little bit, so there's nothing mammoth" to veto. But if the administration doesn't veto those bills, Congress will keep "slipping in" added spending, and total federal outlays will just keep on rising.

Another reason that the budget hasn't been tamed is conscious policy decisions by the administration. Reagan reversed himself on cutting both the Social Security minimum benefit, which he had earlier pushed Congress to eliminate, and the Export-Import Bank, which he had denounced in 1981 as "another major business subsidy." In 1983 he joined with Congress to enact a $5-billion pork-laden "jobs" bill and to pass the $8-billion bailout of the International Monetary Fund (IMF). Moreover, the administration accepted roughly $1 billion in additional housing spending, some for a program that had been axed, to get the IMF legislation through the House.



Low Taxes! Big Spending!

Ultimately, Reagan is a politician before a budget-cutter. In 1983 he denounced Congress for its profligate ways—then moments later in the same speech told the National Association of Home Builders that he was proposing an additional $5 billion for federal mortgage insurance on top of the $6 billion that had been approved six months earlier.

Which brings us back to the current season of budget-cutting. With his usual eloquence, Reagan used his inaugural speech in January to attack the federal behemoth—despite the fact that he had been in charge for four years. His newest budget includes meaningful cuts, but even before submitting it, Reagan made substantial progress almost impossible. Last year, for example, he vowed not to cut Social Security benefits "for anybody," and he assured senior citizens that he would "not betray" them in an effort to cut spending. Yet Social Security and Medicare are two of the largest domestic programs.

So unless Reagan decides to do an about-face on defense (and so far, he has supported Defense Secretary Caspar Weinberger's intransigent demands for more money), the administration will continue to face a budget picture similar to that of 1981, with only a small portion of the budget open for cuts.

Indeed, the prospects are bleaker now than before. Since 1981, discretionary programs that can be cut without changing the law itself (unlike entitlement programs) have been reduced, many sharply; so Congress is unlikely to vote significant additional savings. Reagan once argued that cutting government spending "is like protecting your virtue: all you have to do is say no." But by the end of his second term, he probably will have made only modest adjustments in a few programs. Government, on the whole, will continue to grow.

In February 1981, Meg Greenfield wondered whether the administration's approach—"crashing through that layer of hypocrisy and that structure of legal payoffs that characterize our traditional budget building"—was "doomed." Despite Reagan's success in holding down spending in some areas, it appears that the answer to her question is yes.

As David Stockman observed three years after becoming the administration's resident wunderkind: "The budget system is not the problem. The problem is that this democracy is somewhat ambivalent about what it wants. It wants low taxes and substantial public spending." And until the public finally makes a choice, a genuine budget revolution—whether carried out by Reagan or someone else—seems unlikely. ◻

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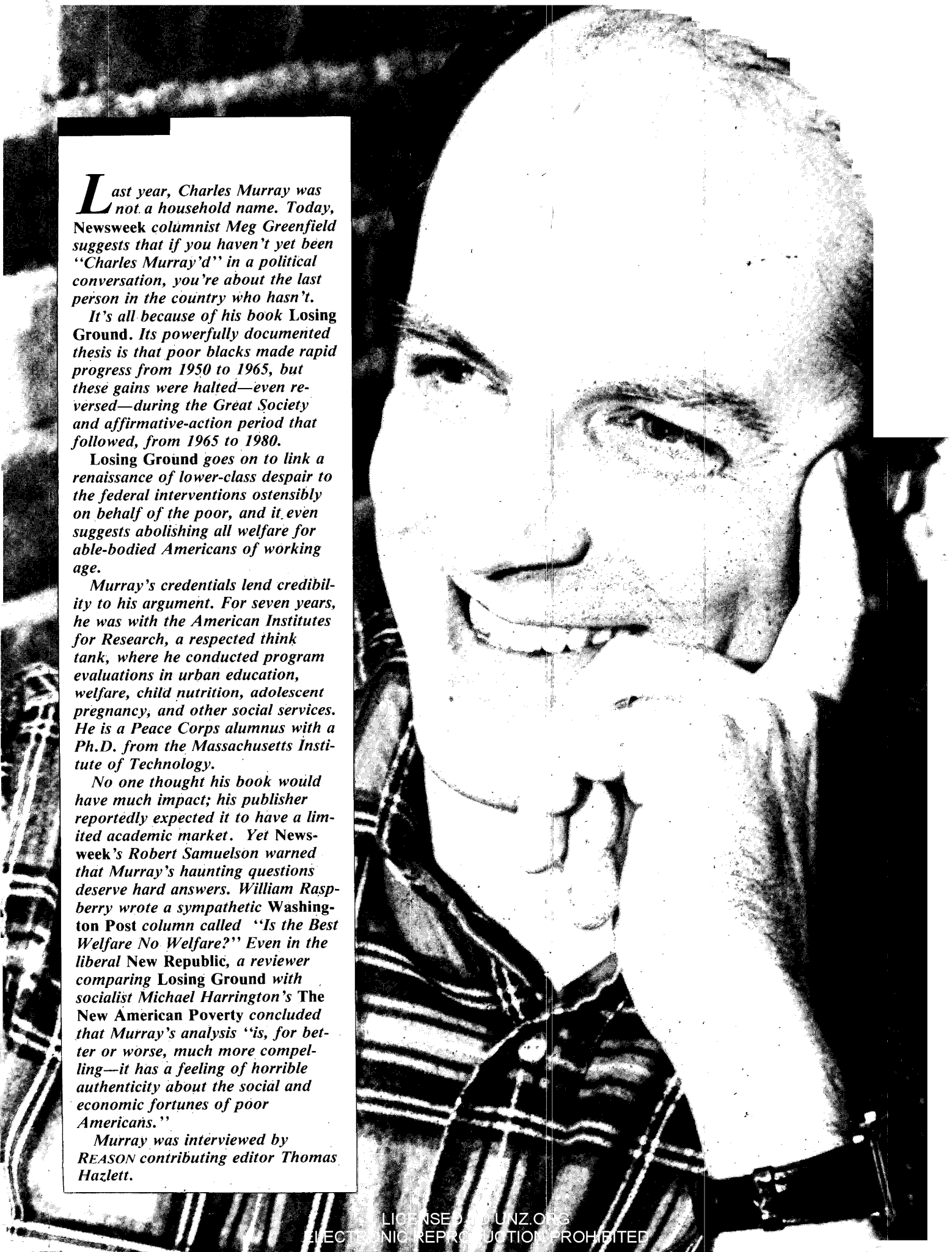

Last year, Charles Murray was not a household name. Today, **Newsweek** *columnist Meg Greenfield suggests that if you haven't yet been "Charles Murray'd" in a political conversation, you're about the last person in the country who hasn't.*

It's all because of his book **Losing Ground.** *Its powerfully documented thesis is that poor blacks made rapid progress from 1950 to 1965, but these gains were halted—even reversed—during the Great Society and affirmative-action period that followed, from 1965 to 1980.*

Losing Ground *goes on to link a renaissance of lower-class despair to the federal interventions ostensibly on behalf of the poor, and it even suggests abolishing all welfare for able-bodied Americans of working age.*

Murray's credentials lend credibility to his argument. For seven years, he was with the American Institutes for Research, a respected think tank, where he conducted program evaluations in urban education, welfare, child nutrition, adolescent pregnancy, and other social services. He is a Peace Corps alumnus with a Ph.D. from the Massachusetts Institute of Technology.

No one thought his book would have much impact; his publisher reportedly expected it to have a limited academic market. Yet **Newsweek***'s Robert Samuelson warned that Murray's haunting questions deserve hard answers. William Raspberry wrote a sympathetic* **Washington Post** *column called "Is the Best Welfare No Welfare?" Even in the liberal* **New Republic***, a reviewer comparing* **Losing Ground** *with socialist Michael Harrington's* **The New American Poverty** *concluded that Murray's analysis "is, for better or worse, much more compelling—it has a feeling of horrible authenticity about the social and economic fortunes of poor Americans."*

Murray was interviewed by REASON *contributing editor Thomas Hazlett.*

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Charles Murray

REASON: Your book *Losing Ground* is very hot right now. Why did you go into this analysis of social welfare policy?

MURRAY: My professional background consisted of evaluating specific programs the government was sponsoring in education or social services or, when I was in Thailand, rural development. So few programs accomplished anything like their ambitions, despite a lot of effort, and I just kept seeing patterns and reasons why they didn't accomplish what they were supposed to accomplish, and that led to the spin-off.

REASON: I'd like to go into some detail about the conclusions of your book. You spend a lot of time looking at three points—1950, 1965, and 1980—in your trend analysis. Could you briefly summarize your findings there?

MURRAY: There are separate chapters in the book on poverty as officially measured, unemployment, wages, occupations, education, crime, and the family. In one of these areas, namely, wages and occupations among those who have jobs, I paint a very positive portrait of blacks with jobs getting white-collar work, which they had not done before, and achieving in effect wage parity for equivalent years of education and experience. But with that single exception, the trend lines show sudden and mysterious changes for the worse, mostly in the mid-1960s. In some cases you actually had advances turn into retreat. I would argue that in education, for example, we had been seeing marked improvements for minorities and poor people up through about 1964 and suddenly that just flipped. Similarly, there is a lot of evidence that among poor people—again, especially blacks—crime had been getting lower in the 1950s and that then there was a surging rise in the 1960s. Summarizing the data, I say to the reader: You need to explain this; you have to recognize that on many important aspects of life things got worse for the poor, starting precisely when we kicked into high gear in the effort to help these people.

REASON: In 1965 you had been an architect of the Great Society programs of President Lyndon Johnson and had been very interested in solving the problems of the poor, particularly the black poor. As you note in the book, you were very optimistic about future years. What went haywire starting in the mid-1960s?

MURRAY: We had, first, a change in our attitude toward who the poor are and why they are poor or why they are ill-educated or why they commit crimes. That change consisted very simply of deciding that the system is to blame. It was logically appropriate for us to do the things we did with the Great Society programs once you granted the basic premise that the system is to blame, that it's not the fault of the people we're trying to help. Unfortunately, in the process of making those changes, we sent a terrible message to all people, but especially the young people. We said, "You don't need to feel any sense of chagrin at the situation you're in. Even if you do make an effort to try to improve your situation, it's not at all clear that it's going to do any good, because the system is so locked in against you."

REASON: You say that the rules changed between 1960 and 1980 for some people, particularly the young and particularly the poor, but not for the affluent members of society. How was it that these people on the bottom of the economic totem pole got a different message?

MURRAY: Well, let's take the classic example of welfare. In the book, I take a pair of youngsters, Harold and Phyllis—they aren't necessarily black, Oriental, or Caucasian. They don't necessarily live in the slum, but they come from low-income parents and they have average ability, average education, and average skills. In 1960, if Phyllis finds herself pregnant, her only real option is to convince Harold to marry her or give the baby up for adoption. I mean there is AFDC (Aid to Families with Dependent Children), but that's a lousy life, because it's very small payment. There are no other sources of support. She can't get a job, because then she'll lose her benefits; and she can't live with Harold or else she will lose her benefits. Just from a very commonsense point of view, she has to do something about that situation and not try to bring up the baby herself. By 1970, 10 years later, the situation has changed drastically. She can get the equivalent of a minimum-wage income by putting together a package of AFDC, Medicaid, food stamps, subsidized housing, and the rest of it. She may now live with Harold without losing her benefits, which is an extremely important change. In all of these ways, what made sense in 1960 no longer necessarily makes sense. If she wants to be with Harold, one thing is quite clear: it would be disastrous for them to be married, because once they're married then she will lose many of these benefits. So the same young couple that very likely would have gotten married in 1960 won't get married in 1970. And a woman who very possibly would not have kept a child is now raising the child. They are responding to the reality of the world around them.

REASON: One of the most striking aspects of your book is your very meticulous outlining of the process by which one set of poor people is dispossessed in favor of another set of poor people. How did this develop, and why is it allowed to go on?

MURRAY: We decided in the mid-1960s that all poor people are the same: they are all poor. We know they're poor because we have defined a poverty line, and they're all underneath it. So that's one aspect of it. The other aspect is, if it's not your fault that you are a student who is constantly assaulting the teacher, then it becomes very awkward to *credit* the student

PHOTOGRAPHS•LOUISE NOAKES

"The notion that there are not going to be people ready and eager to feed hungry children is absurd and ahistorical."

who is sitting there and studying hard. If you give that student credit, aren't you implying that the good student has something to do with his goodness, and doesn't that force you to admit the bad student has something to do with his badness?

We simply did not think about the very large population of poor people out there who are holding down jobs and trying to raise their kids right and hate crime and think people ought to obey the law and support themselves and do well in school. They just became invisible.

REASON: This sounds like an incredibly elitist notion—I mean, to look at a block of people and to say that they are simply victims and that there are no self-reliant individuals who will or can work their way out of poverty.

MURRAY: Is it elitism or is it racism? In the mid-1960s we also had the civil rights movement, and white America was confronted with a real dilemma. In 1964 we had passed the Civil Rights Act; in 1965 we had the Voting Rights Act. We were also making available a variety of other opportunities, educational and otherwise. Yet we were confronting riots in the street, and we were also confronting an extremely violent rhetoric in which white America was being accused of still falling far short of what it owed black America.

Now don't misunderstand me. I think the civil rights movement was an extraordinarily positive development, essential and positive. But white America's reaction when we failed to satisfy black America with the Civil Rights Act was to come up against a choice. On the one hand we could say to blacks, "Look, just because you ought to have equal rights doesn't mean you can burn down cities. You try that, and we're going to throw people who do it in jail. And if your kids are failing in school, we're going to flunk them. We'll make the schooling available, but if they flunk, they flunk." Theoretically, we could have said that. Or we could say, "It's much worse than we realized. We cannot in good faith make demands on this population of people." It was also racism in the sense that there are many whites who pay lip service to programs, pay lip service to values and behaviors and other things in blacks they completely disdain when they appear in whites. We've got to recognize that and ask ourselves, "White people, just what are we up to?"

REASON: I'd like to give you a chance to respond to some critics of your central thesis. First of all, there's the argument that the economy in general took a tailspin starting in the mid- to late '60s, and the downward trends you note simply followed the economy at large.

MURRAY: The changes in the indexes of unemployment occurred not at the end of the '60s, when the economy started to go bad. They occurred in 1965-67, '68, when the economy was overheated, when the overall unemployment was under 4 percent and for males in particular was under 3 percent. So it's kind of hard to appeal to a disintegrating economy to explain those trends.

REASON: What about the idea that the workforce experienced a massive increase, that you had all these young people coming into the workforce and crowding out people for jobs? You also had an enormous increase in the 15–25 population, which caused the great bulk of crime and overload of the schools during that period and what not. What's your response to this sort of a "demographic argument"?

MURRAY: For the economic indicators, part of the response is the same comment I made earlier. You're talking about an economy which was showing no signs of being unable to absorb people in the '60s. And on the question of crime, the increases in crime are seen even after controlling for the changing age and other demographic statistics.

REASON: Still another comment on your book is that you were attacking sort of a generic welfare, when in fact it's not welfare that's bad—it's the sort of programs we have put in place under social welfare. How do you deal with that criticism?

MURRAY: When I got to the end of the book and was trying to put together my ideal system, I was not philosophically opposed to installing a federally run system that tried to correct these things, but I could not construct a system that I believed in myself. Any system I could concoct for myself and try to imagine what would happen if it were actually put in place ran into the problem that the downward-pulling incentives were greater than the upward-pushing ones. The 19th-century British intellectuals of whom Gertrude Himmelfarb writes so fascinatingly in her book *The Idea of Poverty* were right when they dealt with the true difficulties of trying to give something to somebody and at the same time do good for them. It's ironic that we pass off as being sort of a pop-wisdom notion that you do more harm than good by trying to help people. A little bit of intellectual history would help us a lot here.

REASON: There does seem to be some realization among social policy experts that we really have some negative incentives and some negative effects coming out of these programs, yet these programs seem totally resistant to reform. Why don't bureaucrats themselves take the initiative to reform the policies so that we're not destroying incentives for the poor?

MURRAY: They see themselves as doing precisely that. They

see themselves as having evaluations of their programs and taking those evaluations and trying to improve them and so forth. I, as a person who wrote those evaluations, know that the recommendations are very seldom implemented. Even if they are implemented, however, they are recommendations within a rather narrow range of possibilities. For example, one very seldom gets recommendations to just scrap a program.

Another reason that the programs don't get changed as the evaluations go on is that people see success where I see failure—for example, in the jobs programs. The evaluations of the jobs programs do not generally show no effect at all. What they show is, on the average, about $200 per year more income for those on the program. These effects are extremely tenuous and bear no relationship to the expectations of policymakers when they started the program. But they are statistically significant and can be shown to be cost-effective if you stretch out your time horizon far enough in the future and make certain assumptions about the permanence of these changes. Policymakers look at the glass which I consider to be about an eighth full and say, "Look at this glass of milk." I look at that glass and I say, "You've only got an eighth of a glass of milk in there, and that's a failure." So there's a strong impulse on the part of these designers of programs to sustain their faith on the basis of very slender gains.

REASON: What are your specific policy suggestions in welfare, education, and crime?

MURRAY: I will begin by saying that the tenor of the last part of the book is: I'm going to lay out some moral problems for you. In the very last chapter I do this in terms of proposals. The first one has to do with affirmative action. I think we ought to strip our laws and regulations of everything that rewards or recommends or requires preferential treatment by race. I think that is one of the single most unfortunate changes of the 1960s and it is one that we can change at no cost. Then I could take on two other proposals. The first is in education, and I'd say let's give vouchers or some other form of aid to parents which enables the free market to work in education. I probably have gotten more instead of less radical on this one since I wrote the book. I am increasingly ready to junk the public school system. The reason for doing this in terms of poor people is that you have lots of parents out there who, given the opportunity, would go out and interview teachers and select schools just the way middle-class parents do when they send their kids to private schools, and they would do a very good job of it and they would finally get schools that operate on the same principles they do. Some parents won't behave that way, but my response is, how have you lost?—because the schools right now are not educating our children in the inner city.

"I am increasingly ready to junk the public school system."

The other proposal was the most interesting and the one that's gotten the most attention. I simply say this: I have a plan that would unquestionably make steady workers out of most people who are now considered not job-ready, which would make the numbers of illegitimate children to single teenagers plunge, and would do a number of other good things—including, by the way, restoring status to that working class that most deserves it. That proposal consists of scrapping the whole thing, getting rid of everything in the whole social welfare system. Having done that, let's look around and see what the world looks like and see what we can do to even make further improvements. And I say, well, I'll put back unemployment insurance. But once I've done that, my argument is: just what kinds of people are left that need help that can't expect to get it through locally funded services? I would say that in this proposal perhaps the punchline comes at the end, where I've offered the choice to my readers that they would make if they knew their own children were going to be orphaned. Would they put their own children with a family that was so poor that their children would be ragged and some days would be hungry, but they would be sent to school and would be taught to value independence? Or would they put their children with parents who would not send them to school, would not teach them such values, but would have plenty of food and clothing given to them by others? To me the answer is obvious, and I'm trying to get readers to realize the ways in which they are making the other choice for other people's children.

REASON: When you refer to local services, do you mean local government services or private agencies?

MURRAY: I'm not too specific about that in the book, because I figure I antagonize people enough already by getting rid of the federal system. My own feeling is that it is very difficult even to have good municipal services because of the inherent problems in deciding who gets help and who doesn't. I believe in the free market in lots of different ways, and one of the ways I believe in the free market is that it throws forth services that are most badly needed more or less to the extent that they are

needed. It also is pretty good in calibrating how to deliver those services. I don't have much faith in governments to do that.

REASON: When you say, "Throw out the whole system," you're talking everything but unemployment insurance and Social Security?

MURRAY: Yes, I don't deal with the elderly in the book, so I don't deal with Social Security. Otherwise you've stated it correctly—the whole shebang, from food stamps to AFDC and the rest.

REASON: What about the hungry children?

MURRAY: The hungry children? Well, let's talk about hungry children, if you don't like it when I say that I'd get rid of food stamps. Let's back off a minute and think about hungry children. If it is true that malnourished children in this country are predominantly youngsters who are malnourished because their parents cannot afford to give them an adequate diet, then food stamps make sense. If, however, malnourishment of children in this country is predominantly a problem of a parent who is feeding a baby on soft drinks and potato chips, to take an example that unfortunately is not drawn out of thin air—if that is the nature of the problem, then food stamps are not going to help. I submit to you as an empirical statement that the vast majority of malnourished children in this country are of the latter type. So don't talk to me about hungry children unless you are prepared to ask why they are malnourished, which is a better word than hungry, and what "generous" programs will do for them.

Furthermore, can you imagine in the absence of federal programs that a hungry child in this country is going to go on without anybody being willing to help? I'm willing to accept the responsibility that you are always going to have problems in coverage, as indeed you have problems in coverage of food stamps. But the notion that there are not going to be people ready and eager to feed hungry children is absurd and ahistorical.

REASON: The reaction to *Losing Ground* has been phenomenal. This must surprise you in terms of the depth of the commenting, but what about the tone?

MURRAY: There are some things that bother me a lot about the reactions. Those which have been critical bother me because of the number of times that reviewers have simply either not read the book or, if they have read it, have been unwilling to come to grips with what it says. For example, there is a strong impulse on the part of many of the critical people to say, well his numbers are wrong, and then to advance examples which are simply not accurate and which could be seen to be inaccurate by a careful examination of the book itself. On other grounds, occasionally I get a conservative who agrees with the book so fast, for the wrong reasons, that it scares me. I think they are agreeing because this looks like a good way of lowering their tax bill, and they really aren't that interested in the welfare of the poor and disadvantaged. The heartening reaction is among sort of the neoconservative, neoliberal, and libertarian groups who are ready to argue about a lot of these issues. I keep hearing a dialogue going on that I say to myself could not possibly have occurred five or six years ago. Right now, I think too much attention is being devoted to the final chapter and to the technical debate about whether the trends have really been that bad. But I think the guts of the book, which may have reverberations down the road defining social policy lines, are in the chapters discussing the role of status and noneconomic rewards and the constraints that we really face in trying to develop policies that help people.

REASON: I think for me the most remarkable thing in all this reaction is that you, to my knowledge, have not been called a racist and you've been taken seriously even by the left.

MURRAY: I've been very surprised that I have not been called a racist. I expected that, and it has not happened.

REASON: So the times they are changing?

MURRAY: Maybe. I think, however, that I won't let you end on such an optimistic note. There is still a lot of inertia that says, "Let's just more or less keep on doing the same thing, because it's really no skin off our nose, and it gives the feeling of doing good." So I think that when change comes, it's not going to come as a result of the Reagan administration pushing for it. It's going to come probably because people on the left, with the moral fervor they have brought to almost everything, become attached to what I see as the real problems of the poor.

REASON: Now we're going to finish up on a philosophical note here. What do we owe the poor?

MURRAY: A chance. Let me put it another way. When I am trying to decide what kind of social policy I want, I say to myself, "What would I want if I were a parent with little money trying to raise kids." I would want them to have a chance at an education. I would want there to be a job out there if I went out and looked for it hard enough. I would want to be safe in my person. I would want my children to be safe. I would want to be secure in my possessions—I guess rights of property, even though I would have very little property. After that, I really find a lot longer list of things I *wouldn't* want if I were poor. I don't want somebody coming down into my neighborhood and telling my daughter that it's okay for her to have a baby—not when I'm telling her the opposite. I don't want someone to come into the school and tell my son that it's not his fault that he's not doing well on the test. There's a whole list of things like that that I look around right now and see I *would* get if I were poor.

So, what do we owe the poor? We owe them a chance, we owe them opportunities that they can make good on, with no guarantees, but most of all with no penalties for success.

REASON: Finally, you say as a general rule that compulsory transfers from one poor person to another are uncomfortably like robbery. Is there a moral element in government welfare programs?

MURRAY: Yes, I see a morality problem, but one on which I'm willing to compromise. It is my own personal view that the government has very limited rights in what it can do to me, including taking my property to use on behalf of others. And even if I'm in the middle-class, for them to take money that I have earned and spend it on these programs is wrong. They don't have that right. On the other hand, when I say I'm willing to compromise, it is because, yes, I've paid too much taxes, but I still get along okay. So I'm not going to go to the barricades for that. I hope that sooner or later I can address these issues in more clearly philosophical terms. I explicitly avoided doing that in *Losing Ground*, because as soon as I do that, I am too easy to dismiss. I'm just another nut from whatever political viewpoint. If you're a liberal, you don't have to take Charles Murray seriously, because obviously he's one of those people who thinks it's like robbery if you tax people to do good. In the book, I try very hard to say to some people whose good intentions I respect, "I'm going to deal with this issue on the same terms you use and try to lead you to see that what you're doing is wrong *even as you define right or wrong.*"

REASON: Your next project is going to go into this, if my inside information is correct here. What is your next step?

MURRAY: I quit the American Institutes for Research, where I formerly worked, with an idea of exploring the role of some of the noneconomic aspects of the quality of life. I want to go out there and look at how we can capture the other extremely important aspects of life, including perhaps the most elusive of all, the value of freedom. Where that will lead me, I do not know. But it ought to be interesting. ◻

By Oded Yinon

Fiasco in the Promised Land

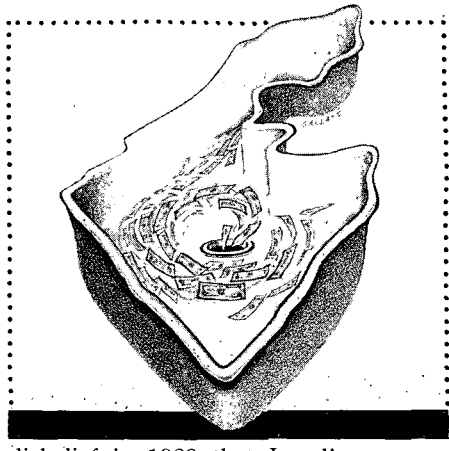
It's no secret that since its founding in 1948, Israel has faced the hostility of its Arab neighbors. Its severe economic crises are not so well known. In 1952, for example, Israel was bankrupt after its terrible war of independence. In 1966 it suffered a "planned" recession that left 10 percent of the work force unemployed. It suffered yet another serious recession after the 1973 war claimed 2,666 lives and the equivalent of one year's Gross National Product (GNP). And today, Israel is confronted with its worst economic crisis since statehood.

What saved Israel in the past? Help from elsewhere. Israel weathered the 1952 problems with a massive influx of donations and aid from the United States, Jews around the world, and West Germany. Some $700 million worth of emergency aid from world Jewry bailed Israel out in 1966, enabling it not only to survive then but to win the Six-Day War the following year. And the 1973-74 crisis was alleviated only with aid from the United States. Altogether, Israel and Zionist enterprises before Israel became a state have received aid from abroad worth some $64 billion.

The pipeline is far from running dry. Washington's economic aid is expected to be at least equal in nominal dollars to last year's $1.2-billion gift, and Congress is currently considering whether to increase that figure by as much as a half-billion dollars. Moreover, Congress recently passed legislation requiring that each year's aid to Israel at least cover what Israel owes the United States that year on previous loans!

Despite all this, Israel's situation is worse than ever before. Since 1982, the total worth of the nation's public and private assets has plummeted because of Israel's 1982 Sinai withdrawal and the 1983 crash of the Tel Aviv stock exchange. Last year, Israeli government bonds were caught up in an avalanche of selling on the Tel Aviv exchange—an ominous development, since many private citizens and companies have their savings in these bonds.

There are other danger signs. US Secretary of State George Schultz, a former economics professor, noted with



SUSAN SALLADE

disbelief in 1983 that Israel's government budget reached 90 percent of the GNP. In 1984, though, the budget actually *exceeded* the GNP by 6 percent. Work productivity and profits are alarmingly low, taxes soak up 51 percent of the national income, and the GNP is astoundingly small relative to private financial assets.

What's caused Israel's huge problems? Not a lack of raw materials. The Negev and the Dead Sea, for example, have vast reserves of oil and other minerals. As for human resources, Israel has an abundance of capable people working in medicine, industry, and technology, and it's experiencing an incredible revolution in computers and microtechnology.

The causes for the economic problems lie elsewhere. One is the enormous costs of defense. However, with Israel's neighbors explicitly committed to its destruction, massive defense spending has been seen as necessary to survival.

But there's another reason for Israel's economic woes. Even before independence, the Zionist movement was heavily influenced by European democratic socialism. In Israel's first 30 years, the most influential political force was the Labor Party that carried on that tradition. Much of the Israeli economy has thus been structured on a democratic-socialist model. The government today controls 93 percent of the land. It employs two-thirds of the nation's workers—some on the government payroll, others working for Histadrut (the quasi-governmental labor-union federation that owns a vast number of businesses) or the Jewish Agency (a social-service and economic enterprise concerned mainly with recent Jewish immigrants). The government has a large degree of control over three-fourths of Israeli business, and it completely controls all of the financial assets that flow legally into Israel from abroad.

The state's control of Israel's economy and the nation's dependence on aid from abroad are rarely linked or challenged. All of the members of Menachem Begin's coalition of right-wing parties—including the tiny Liberal Party—quarreled with the Labor-led coalition only over the *forms* of state intervention in the economy, not over its *extent*. Begin's government certainly made the economic situation far worse. When he assumed power in 1977, inflation was running at 35 percent. But when US aid was increased after the 1978 Camp David accords, his treasury began to print money so quickly that by 1982, inflation was approaching 111 percent. In 1983, inflation reached 190.6 percent, and in 1984, it hit 449 percent.

What should be done? The government's role in the economy should be cut drastically. Even limiting it to defense, police, and social services would be a huge improvement. The income tax, which is the biggest constraint on economic activity and has been used to subsidize politically influential industries, should be abolished altogether. Agriculture should be freed from the pervasive influence of the government and Histadrut, with collective and cooperative farms becoming completely private. Telecommunications, the postal service, utilities, banking, insurance, and oil companies should also be privatized.

Israel is not exempt from the laws of economics. Years of dependency and a tightly managed economy have exacted their toll. Israel now needs to begin the task of normalization—and that means not only seeking peace with our neighbors, but building a free and prosperous economy. Ultimately, that's the only way to avert calamity.

Oded Yinon is a free-lance writer and lecturer in Jerusalem.

By Mark Skousen

Time to Tell Uncle Sam, "Not with My Money!"

Why is it that so many patriotic Americans (including some REASON subscribers) vehemently denounce the growth of the US government and its huge deficits and yet are the biggest buyers of Treasury securities and "all-government" money-market funds? They criticize the waste and corruption in Washington while lending the Treasury their money to further the very ends they oppose.

I can only surmise that this unrecognized hypocrisy hearkens back to World War II, when Americans felt it their duty to buy US Savings Bonds to support the war effort. Since then, the Treasury's debt financing has grown immensely. Without a war and patriotic fervor, the government has resorted to other methods to entice investors, banks, and institutions to purchase Treasury securities—paying higher interest rates, for instance, and emphasizing safety. Banks, brokerage houses, and other financial institutions have played a major supporting role by issuing 30-year "zero-coupon" bonds, using T-bills as collateral for margin accounts, and promoting "all-government" money funds.

But now we need to look beyond security and high yields. The new patriotism demands that investors stop buying Treasury securities and funding wasteful and nefarious government activities. It's time to tell Washington: "Not with my money, you don't!"

Investors of the '80s, welcome to the enlightened age of "ethical investing"—investing profitably without sacrificing your principles.

What! Allow your personal ethics to keep you from maximizing your profits or minimizing your risks? That's financial heresy. "Never let your political views interfere with your investment decisions," investment advisor Doug Casey warns, for one. "You give up a lot of speculative opportunities when you let your patriotic feelings influence your investment decisions." Casey, author of the iconoclastic bestseller *Crisis Investing*, has never been afraid of speculating in "unorthodox" investments that raise one person or another's ethical eyebrows, including nuclear utilities, South African gold shares, and Rhodesian real estate when "blood was running in the streets."

The president of a women's investment club in Virginia dealt with this dilemma. She told me that she was opposed to the club's purchase of a gambling stock because she was personally against betting. But she was chagrined when she learned that the gambling stock proved to be the best performer in the club's portfolio in the past year.

On the other hand, Amy L. Domini in her challenging new book *Ethical Investing* (Addison-Wesley, 1984, $17.95), argues that the "ethical" investor often does better than the "average" money manager or mutual fund. She cites several examples: Among the *Fortune* 500, companies that didn't invest in South Africa outperformed companies that did. The market performance of non-nuclear utilities was better than that of nuclear utilities. The Dreyfus Third Century Fund, the largest "ethical" mutual fund, returned 373 percent between 1974 and 1982, compared with only 110 percent for the Dow Jones Industrial Average.

But selective statistics can be misleading. Domini ignores other statistics that prove just the opposite. For example, United Services Gold Shares, which invests in South African gold shares, returned over 500 percent between 1974 and 1982, far better than the Dreyfus Third Century Fund. Other mutual funds that don't limit themselves to "ethical" investments have performed even better (Nicholas Fund, Explorer Fund, Mutual Shares, and Twentieth Century Select Investors, to name just a few).

Limiting your investment opportunities probably does limit your total return. But that doesn't make "ethical" investing necessarily bad. After all, "making a buck" isn't the beginning and end of one's financial life.

Investing without compromise isn't a cut-and-dried issue, and it can be taken to the extreme. Do you invest in IBM, which is one of the strongest recruiters of blacks in the country, or do you avoid IBM because it sells computers to the communists? Do you stop buying gasoline from Exxon because it trades with the Soviets? Things can get out of hand rather quickly, and your investment choices will be extremely limited in no time.

The morality of investing is very much an individual decision. Objectivity is difficult. Should you buy the South African gold coin, the krugerrand? Anti-apartheid groups oppose the sale of the krugerrand because it is a legal-tender coin issued by the South African government. The gold is mined by private companies, but they are required to sell their gold to the government. The purchase of the krugerrand is therefore giving indirect support to the South African government's discriminatory policies. But ban the sale of the krugerrand? No, I'm opposed to *legislation* forcing others to agree with anti-apartheid beliefs. After all, some could argue that it's all right to buy the krugerrand because the South African government is removing some racial barriers and mining gold keeps blacks employed. The decision to make ethical investment choices must be individual and voluntary.

Writer Amy Domini suggests three approaches to ethical investing. First is the avoidance approach: refuse to invest in companies or investments of which you don't approve. Second, the positive choice method: seek companies or investments offering products or services that serve a purpose you support (instead of T-bills, for instance, buy nongovernment money funds). Third, the activist approach: seek to change the policies of companies by writing letters, attending stockholder's meetings, engaging in takeover bids, etc. I endorse all three approaches.

The truly rich man is the one who uses wisdom and virtue in all his investment decisions. Perhaps those who throw caution and ethics to the wind can become financial tycoons, but in the words of investment writer John Pugsley, "Being the richest man on a sinking ship is a bitter victory."

Mark Skousen is the editor of Forecasts & Strategies, *a monthly financial newsletter.*

By Patrick Cox

Showing How Self-Help Works

During the height of the civil rights movement of the 1960s, Robert L. Woodson was a "proud liberal" dedicated to giving the disadvantaged an opportunity to raise themselves from their situation. But as the movement gained political momentum, he grew disillusioned. According to Woodson, "Whenever it came down to actually transferring power to the poor, those who were encouraging blacks to take responsibility for their own problems ran into roadblocks."

He says the reluctance of white liberals to turn over power to the supposed beneficiaries of the civil-rights movement was "patronizing" and "not undeliberate." He describes waste and fraud in the poverty program the way many characterize Pentagon procurement processes. Moreover, he sees little difference between conservatives and liberals when it comes to programs for the poor, saying conservatives want to spend less money on the same failed programs. He calls Republicans "low-budget liberals."

Forced busing was the issue that pushed Woodson out of the mainstream civil-rights movement in 1967 into community-based activities. Forced busing, in Woodson's view, seemed to destroy the neighborhood's integrity and ability to operate as a social unit. Everything Woodson does today is based on the belief that communities know more about their own problems and how to solve them than does anyone else. He has tremendous confidence in the wisdom of those living in poor neighborhoods and virtually none in poverty technicians who are "parachuted" into poor areas to solve their problems.

Woodson was born in innercity Philadelphia 47 years ago. His father died when he was five years old. Though his mother worked full time, Woodson avoided the troubles that many in his situation experienced. "My childhood," he notes, "defies the myth that the home headed by a single black female is a dangerous environment."

Woodson attended Cheyney State College in Philadelphia and earned a master's degree in social work from the University of Pennsylvania in 1965. He

Robert L. Woodson

was well into a doctoral program at the University of Massachusetts when he was drawn away to greater involvement in the civil-rights movement.

In 1971, Woodson became director of the National Urban League's criminal-justice program, where he spent six years dealing with issues like minority-youth crime, a topic about which he has written extensively. While at the Urban League, his own unorthodox, decentralist views began to clash with the more traditionally liberal approach there.

In 1977, he left the Urban League to become a researcher at the American Enterprise Institute (AEI), a Washington, D.C., generally free-market-oriented "think tank." AEI had begun a project exploring the role of private institutions, as opposed to government programs, in meeting human needs at the local level. By 1980, Woodson had become director of AEI's neighborhood-revitalization project.

But Woodson wanted more than an intellectual involvement in neighborhood programs. In 1982, he left AEI to found the National Center for Neighborhood Enterprise (NCNE), which provides direct "hands on" guidance to neighborhoods.

The center does not attempt to control neighborhood activities. Woodson says, "We inventory innovative solutions by low-income individuals and organizations, try to find out what is being done by people who have experienced similar problems, and bring many of them together."

NCNE gives some technical assistance but puts more emphasis on publicizing proven successes. Media exposure for local heroes does much for their self-esteem. It also exposes policymakers with "the same tired traditional solutions," as Woodson says, to creative alternatives in the struggle to help the poor.

Among other things, NCNE focuses on enterprise development, alternative education, crime prevention, and family preservation. Especially interesting is Woodson's effort to reform the adoption and foster-care bureaucracies. The "foster care industry," as Woodson calls it, handles approximately 275,000 children, half of them black, and costs taxpayers $2 billion a year. Woodson wrote in the *Wall Street Journal* recently that the mortality of foster-care children is twice the national average and that "a significant number of youngsters become delinquents as a direct result of prolonged foster care." He also points out that 70 percent of the money allocated for foster care is spent on administrative overhead and services.

Woodson's numbers on the subject are enlightening. There are four times as many black families who would like to adopt as there are black children available for adoption. Nevertheless, many black children are put into foster households. Woodson explains that the reason so many black children go unadopted through the formal process is that the agencies that determine the suitability of families to adopt often judge by standards that have nothing to do with the black community.

Stuart Butler, the Heritage Foundation's expert on neighborhood self-help programs, says Woodson is unique in his ability to take the neighborhood point of view to the White House. Woodson believes that people who live in poverty are often kept there by government programs and that those who live in poverty know more about the solutions to their problems than anyone else. His record of success is evidence that he is right.

Patrick Cox is a free-lance writer.

life & liberty

Temple of the Spirit

By Pamela Regis

You hear a lot about shopping malls. You hear that they have no clocks, few windows, and bright artificial lights to blur the passage of time. You hear that malls are excessively material, representing, in their enticing displays of things, all that is bad about American culture. In this scenario the shopper, helpless in the face of pseudo-reality, seeing only a facade, spends herself into debt. Malls make honest workingmen unhappy with their lot. They corrupt the spirit.

CHRIS JOHNSON

But I've seen another side of shopping malls. I see it every time I visit one. Just for the record, I visit them often.

Once in front of Jordan Kitts, a franchise organ and piano store—sort of a McDonald's of the keyboard trade—I saw an old lady faced off against one of those massive play-by-color organs that the store puts out front with the keyboard facing the passers-by. She had her clear plastic shopping bag with the flowers painted on it slung from the crook of her left arm. The bag looked heavy, but she didn't think to set it down. She was oblivious to everything. She couldn't really play the organ, or any other keyboard instrument; nonetheless, she was picking out an old hymn, "How Great Thou Art," by the colors and by her own sense of how it ought to go. How many times had she sat in church and heard this hymn, wondering not about God's greatness, but about how it would be to play the organ? She was finding out.

I saw her from next door, where I was watching a shop window full of kittens chase each other around. The would-be organist was particularly bad at the black keys. She played the "Then sings my soul..." part of the refrain three times while I watched the kittens, and she missed the key for "soul" all three times, by what sounded like a half-tone.

But I noted all of this as part of the background. The grey-and-white kittens were the main event for me. My childhood cat was a grey-and-white, and in the right light, out of the corner of my eye, I can still think I see her coming into a room. The smile on my face as I watched the frolicking kittens that day was only partly due to the display before me.

For the old lady and me, made anonymous by our official designation, "shopper," the mall was a place to exercise our imaginations. I remembered my old friend, and the Docktor's Pet Center provided me with the occasion. The old lady tried out, not an organ, but *being* an organist—something, given her level of skill, her church would never let her do.

In fact, our actions would have been suspect in almost any other context. If I stopped and stared at a cat in my neighborhood, who knows what horrors the owner would imagine me hatching? And at church, the only other place that lady was likely to encounter an organ, her behavior would be considered indecorous, at best.

Neither of us bought anything. The old lady moved on after struggling to the end of the hymn. I shook myself out of memory and pursued the errand that had brought me to the mall in the first place.

Nasty materialism, which malls are supposed to be monuments to, did not seduce the would-be organist or the one-time cat owner. In fact, it was nasty materialism—presumably the motivating spirit behind the building of the shopping mall—that provided each of us with the opportunity for the kind of imaginative enrichment that one usually associates with mainstream, high-brow entertainment of the nonpopular sort—belletristic tomes, operas in foreign languages, "legitimate" theatre—that sort of stuff. Mere things, particularly things displayed for purchase and housed in anything as vulgar and phony as a shopping mall, are simply not supposed to do this.

But they did. There in that shopping mall, with what retailers call "traffic" streaming all around us, that lady and I could dream. Far from corrupting us, the mall enriched our spirits.

Pamela Regis teaches English at Western Maryland College.

The Real James Bond on PBS

By Robert W. Poole, Jr.

James Bond lived! Or, to be more precise, the inspiration for Ian Fleming's superspy hero was a real British secret agent. Moreover, this man's exploits can readily withstand comparison with anything Fleming imagined.

The real spy was a man named Sidney George Reilly. Born in Russia in 1874, he was recruited by the British secret service shortly before the turn of the century and worked under cover for some three decades—mostly for the British, but apparently also at times for his own purposes. His most famous assignment involved a nearly successful plot to overthrow Lenin, shortly after the Bolshevik

revolution in Russia.

Reilly's life is still cloaked in mystery. Most of what is known is contained in a 1967 biography, *Ace of Spies*, written by Robin Bruce Lockhart, son of a British diplomat who worked closely with Reilly on the anti-Bolshevik plot. It is from this source that PBS's Mystery series brings us *Reilly: Ace of Spies*, a 12-part show broadcast last year and being rerun in most cities beginning June 6.

The first several episodes are largely self-contained examples of Reilly's early espionage activities: his first assignment, investigating early oil finds in Persia (Iran), and a later mission during the Russo-Japanese War.

It was Reilly's later assignments that established his master-spy reputation. To determine the true dimensions of the pre-World War I German arms build-up, Reilly took a job as a welder at a Krupp munitions plant. At night, he photographed blueprints and specifications and sent them off to England. Later, by posing as a Bavarian officer and seducing the wives of various German politicians, he was able to attend high-level military meetings. The payoff, in this case, was securing complete details of the new German battleships.

Reilly spent much of the prewar period in Russia, where he developed extensive contacts in business, government, and society (and married the second of his three wives). When the Bolshevik revolution took place, Reilly possessed more extensive knowledge of the country than anyone else in British intelligence. The ambitious plot to overthrow Lenin—and install Reilly himself as head of the government—failed. But what's amazing to learn is how close it apparently came to succeeding.

Having seen the Bolsheviks up close and been horrified at what their revolution was doing to Russia, Reilly devoted the rest of his life to anti-Bolshevik activity. His most notable success—for which he apparently paid with his life—was unmasking "the Trust," one of the most successful instances of deception and disinformation in history.

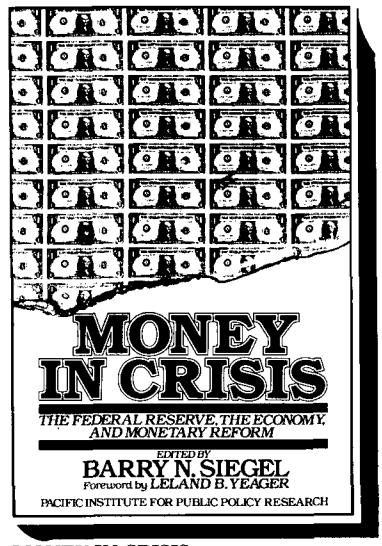
After the revolution, the exiled anti-Bolsheviks in Europe and the United States placed all their hopes on an organization inside Russia, ostensibly made up of opponents of Lenin and secretly working for his overthrow. Reilly was convinced that the Trust was bogus. And it was, in fact, the creation of Felix Dzherzhinsky, head of the Cheka (predecessor of today's KGB, the Soviets' internal spy agency). Convinced that the Trust was working to bring down the Communists, the exiles raised millions of dollars for the organization—all of which went to finance the fledgling Soviet government. Moreover, the Trust provided a superb way for the Cheka to keep tabs on the anti-Soviet activities and plans of the emigre groups. It was only after Reilly's 1925 trip to Russia to meet with the leaders of the Trust—a trip from which he never returned—that the true nature of the organization began to be widely suspected (and ultimately confirmed by a high-level defector in 1927).

The Mystery series is superbly done. Sam Neill (of *My Brilliant Career*) is icily precise as Reilly—debonaire, charming, and utterly ruthless. Leo McKern (of *Rumpole of the Bailey*) makes several appearances as arms merchant Sir Basil Zaharoff. And Tom Bell, from Masterpiece Theater's *Sons and Lovers*, is chillingly correct as the evil Dzherzhinsky.

If you missed *Reilly* the first time around, you have another chance June 6 through August 22. And it's an "ace of shows."

Robert W. Poole, Jr., is REASON's in-house intelligence connoisseur.

THE AUTHORITATIVE NEW BOOKS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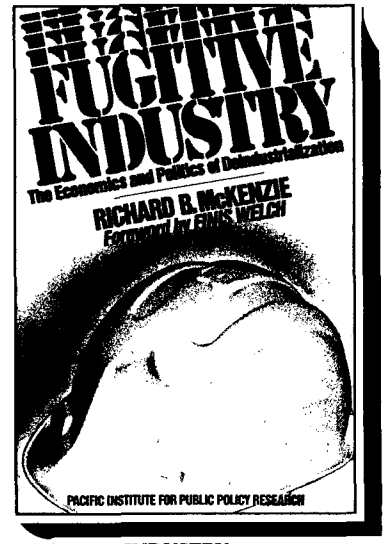
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The Economics and Politics of Deindustrialization
RICHARD B. McKENZIE
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A Nightmare Relived

By Thomas Sowell

The Nightmare Years: 1930-1940, by William L. Shirer, Boston: Little Brown, 654 pp., $22.50

William L. Shirer is one of the grand old names of American journalism. His monumental work, *The Rise and Fall of the Third Reich*, assures him a place in history. Those of us of an older vintage also recall his bestselling *Berlin Diary*, published during World War II, and the mellow voice and penetrating words that marked his radio broadcasts as a foreign correspondent from Europe and a commentator in America. Now, in *The Nightmare Years: 1930–1940*, Shirer presents a more personalized reprise of his experiences and observations during that fateful period of history.

The 1930s are more than history, however. They were a searing revelation about Western civilization—its pathetic wishful thinking, its failures of will and courage. Whatever sheds light on that era, half a century ago, sheds light on today.

The Nightmare Years sheds a piercing light on the people and policies of the decade that led up to World War II. Shirer is at his best as a reporter. It is by no means clear that he himself draws the deeper implications that reach beyond the particular cast of characters that held the stage in those years. Yet you cannot find a clearer account or more readable analysis of how the Western democracies stumbled into World War II—and almost lost it.

Shirer's personal portraits of the Nazis show them as social garbage—not "just" mass murderers and fanatics but cheap thugs and shallow "losers." How, then, did they win politically—first in Germany and then in a spectacular series of international political victories, culminating in the Munich agreement of 1938 that gave them strategically crucial portions of Czechoslovakia, without firing a shot?

A shrewd understanding of the weaknesses of other people seems to have been their key advantage. Hitler used that advantage time and again, in a meteoric rise from fringe-movement fanatic to master of Europe. In the process, he inadvertently provided a road map of the vulnerabilities of democratic Western society. That is the lasting significance of his career.

Shirer points out how utterly weak and insignificant the Nazis were politically, just three years before Hitler became chancellor of Germany. As of the middle of 1930, the Nazis had only 12 seats in

the Reichstag, which numbered more than 600 members. This was where the Nazis stood after a decade of agitation, which had brought them more ridicule than respect. But elections in the autumn of 1930 suddenly increased the Nazi seats in the Reichstag almost tenfold. Two years later, the Nazis won 230 seats out of 608. It was the high-water mark of their political support in a free society. Early in 1933, Hitler became chancellor, and in March 1934, dictator.

How did he do it? His success was the mirror image of the failures of others who held power—and, supposedly, responsibility—in a democratic society. The economic woes of the Weimar Republic and the faltering and indecisive leadership of its senile President Paul von Hindenburg set the stage for a man who was anything but indecisive. Hitler had all the answers (even if they were wrong), and no one doubted his will to enforce them. More than that, he struck a deep resonance when he voiced the wounded pride of a Germany beaten in World War I and humiliated by the Treaty of Versailles that ended it. Few things are more politically potent than a damaged ego and a cry of victimhood, mobilized for revenge.

At the height of his electoral strength in a free Germany, Hitler was still outnumbered by his political enemies. The same would be true militarily of Nazi Germany right on up to the eve of World War II. United and decisive action by democratic leaders could have doomed Hitler in German politics or on the international stage. But there was nothing resembling united or decisive action against Hitler in either situation. The genius of Hitler was that he understood fully just how incapable the democratic leadership was of united or decisive action. The tragedy of the democratic world is that they have never understood this dangerous flaw in themselves—not even half a century after Hitler.

Shirer points out again and again the military superiority of the West against Germany as Hitler moved systematically from open violations of the Treaty of Versailles to the seizure of Austria and the dismemberment of Czechoslovakia. Nor is this simply Shirer's opinion. The German generals at the time were shocked and shaken by the international confrontations Hitler provoked with nations who were quite capable of destroying Germany. Hitler's trump card, however, was his sharp insight into the spinelessness of the West and their will to believe anything that would spare them the costs of maintaining a military defense force, much less initiating military action.

In a formula so simple as to be laughable, Hitler simply talked peace and negotiated finely worded peace agreements, while building up the most crushing war machine the world had ever seen. Though some of this was done clandestinely in the early years, to stay

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within the Treaty of Versailles until he was strong enough to openly repudiate it, even this clandestine military buildup was well-known to Western intelligence agencies. There was no way to conceal it from Western leaders—only from the Western public. That left it up to Western leaders to be the ones to tell the public the bad news.

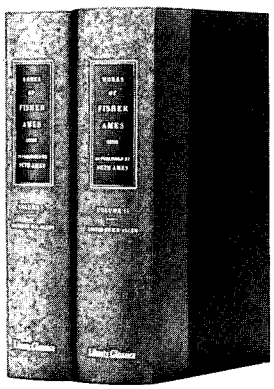
Hitler knew that—then as now—political leaders who warn of other countries' military buildups are themselves labeled "warmongers" or even front men for the munitions industry. In modern democratic politics, it is still the custom to kill the messenger who brings bad news. Hitler knew that very few Western politicians would want to be that messenger. He made their task doubly difficult by constantly speaking of "peace," by offering to negotiate all issues at the conference table, by making token and meaningless "concessions." Shirer quotes some of Hitler's "peace" speeches, which are absolute gems of hypocrisy—and very much like "peace" speeches we hear today from totalitarian leaders and those who echo them in the West.

What is truly frightening about Hitler's simple strategy was that it worked. He assembled a gigantic war machine in plain view, and his obvious victims felt no need to counter it. There was no "arms race." Massive and militant peace movements in the West during the 1930s succeeded in preventing any arms race.

Isolated individuals who urged that Hitler's military force be offset by developing a Western counterforce got nowhere. Charles de Gaulle was ignored in France. Winston Churchill was denounced and ridiculed in Britain. But politicians who gave the public what they wanted—negotiated agreements—were cheered by huge throngs. This was especially true of French Premier Edouard Daladier and British Prime Minister Neville Chamberlain, when they returned from Munich in 1938 with an agreement that supposedly guaranteed "peace in our time." Within a year, the most catastrophic war in the history of mankind was under way.

The Nightmare Years tells this story and tells it well. Its many accounts of the blindness, pettiness, vanity, and plain stupidity that marked the road to tragedy should be a welcome antidote to those who attribute everything to ultra-rational scheming by a malign and faceless "establishment." As narrative, this book is unsurpassed, especially with such complex material that could so easily have degenerated into academic "scholarship." However, there are no grand lessons drawn at the end, though the materials for many lessons are here.

Indeed, there are some disquieting signs at the end that Shirer himself may have forgotten what he had just shown us. In the epilogue, the United States and the Soviet Union are even-handedly referred to as "two superpowers" whose problems are apparently psychological—"hostility" and "lack of trust." President Truman is said to have made a "fiery statement" and issued "dire threats" when he announced that an atomic bomb had been dropped on Hiroshima, in an attempt to end World War II. Japan's defeat was "inevitable," according to Shirer, "one way or another," so we are left wondering why Truman was so bellicose and used nuclear weapons. The human cost of that "inevitable" victory over Japan by invasion is ignored by Shirer, though others have estimated it as many times larger than the number of



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people killed at Hiroshima and Nagasaki.

It is almost as if the author regards the story he has just told as being uniquely about Hitler and Germans and an assortment of other actors who have since passed from the scene. But the story is much larger and more enduring than that. What Hitler revealed about the weaknesses and susceptibilities of the West has not been lost on others and should not be forgotten by the West.

Thomas Sowell is a senior fellow at the Hoover Institution at Stanford University. He is the author of numerous works, including Civil Rights: Rhetoric or Reality, *and his latest work,* Marxism.

Improving the Process Is No Improvement

By Joseph Martino

Making the Future Work, by John Diebold, New York: Simon & Schuster, 466 pp., $18.95

I began reading *Making the Future Work* with high expectations. I was deeply disappointed by the time I finished it.

Why the high expectations? Author John Diebold has long been one of the nation's most prominent futurists. In 1952 he achieved public notice with his book *Automation: The Advent of the Automatic Factory.* He served on the Secretary of Labor's Advisory Commission on Manpower and Automation from 1962 to 1964. Since 1969 he has been a member of the US Chamber of Commerce's Council on Trends and Perspectives. He founded and heads the Diebold Group, a successful management consulting firm. Surely when such a person writes a book subtitled "Unleashing Our Powers of Innovation for the Decades Ahead," it deserves attention.

Diebold's competence in the areas of automation and technology shows clearly. He is one of the few futurists who understands that no one was killed at Three Mile Island. He writes convincingly of the need for corporate managers to take technological change into account. He explains clearly how foolish it is to spend more money eliminating the last 10 percent of pollution than it cost to eliminate the first 90 percent. He discusses knowledgeably the problems of workers in an era when old job skills are becoming worthless. With justifiable pride, he points out that he was one of the first to say that automation wouldn't cause unemployment but would require workers to be retrained.

Moreover, Diebold writes some very exciting things about the role of private enterprise in performing "public" functions. He discusses the successes several cities have had in switching to private collection of garbage and even private police forces. He writes favorably of educational vouchers and the possibility of private schools competing on equal financial terms with the public school system. He states, "The time for non-collectivists to press home their case has never been riper. I believe the business community should seize with both hands the opportunity presented by public disenchantment with bureaucracy and big government." In short, there is much here to delight a lover of freedom.

Improving the processes by which government intervenes in society can't help when the basic problem is government intervention itself.

Why, then, was I disappointed? Because these things really aren't what the book is about. On the very first page, Diebold states, "This is a book about big societal problems, but addressed from the standpoint of *process, function, structure,* and *management*" (emphasis in original). That is, he intends to address those big problems that concern society as a whole, and to do it from the standpoint of the *processes* by which those problems can be solved.

Diebold writes, regarding computers, information technology, and rational analysis: "If we can get our policy formulation process right, we will find at our disposal [these] extremely powerful tools." He states that this process should be "a way to bring into account *all* the factors in a decision—pros and cons, costs and benefits, risks and rewards—and evaluate them fairly and impartially." Moreover, this process should be "a way to settle an issue—and *keep* it settled—by making a tradeoff among existing alternatives and then setting a time limit for possible vetoes."

Diebold's view here is essentially that this policy process should allow us to treat problems as technical matters, devoid of politics, to be settled rationally on the basis of facts alone. He cites several examples to illustrate the kinds of problems with which he is concerned. One example concerns a river and associated wilderness area in Washington state. In 1959 a flood "destroyed two small towns, washed away acres of farmlands, and damaged $8 million worth of crops." The farmers wanted a flood control dam. The US Army Corps of Engineers was prepared to build one. However, the governor would not approve the dam because of objections by white-water kayakers who used the river, hikers who wanted to preserve the forests along the river, and environmentalists who feared the dam would be a prelude to further urbanization.

Diebold decries the lack of a rational *process* by which these conflicting interests could be reconciled permanently. He then describes how, after a 14-year deadlock, outside mediators helped the participants reach a solution in which the farmers got their flood-control dam but had to accept land-use controls that protected the wilderness areas.

Diebold looks upon this *process* as necessarily involving government. While saying that he favors the free market, he considers past government interventions beneficial and favorably quotes Alexander Hamilton: "In countries where there is a great private wealth, much may be effected by the voluntary contributions of patriotic individuals; but in a community situated like that of the United States, the public purse must supply the deficiency of private resource." Diebold doesn't seem to mind the government intervening; he simply wants it to do so rationally.

Why hasn't government solved the problems he writes about, then? The reason he offers is that government is not structured to provide the proper incentives to attract and keep competent people. His objective is to restructure government incentives. "What this book is about," he says, "is changing the system so that the incentives can be put in place to attract exceptional people to public service and to reward their excep-

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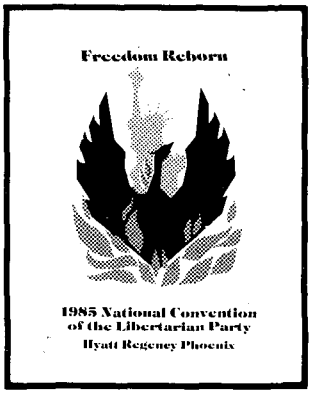

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tional performance."

The disappointing thing is that Diebold doesn't seem to realize that his proposed solutions are doomed to fail, because he looks in the wrong place for the source of the problem. Consider the river example. The issue arose at all only because none of the parties—white-water kayakers, hikers, or farmers—had secure and well-defined property rights in the land and water they were using. They could achieve their objectives only by convincing someone else to do or not do something. No "process" is going to alter this. In fact, the mediation process did not secure any of their property rights. The Army Corps of Engineers, not the farmers, controls the dam. The wilderness area is controlled, not by the hikers, but by politicians who put their own interests first. Moreover, the dam was paid for, not by the beneficiaries, but by the taxpayers, who didn't even take part in the negotiations. Hamilton's "public purse" ultimately had to be filled with private wealth. This isn't a "solution"—it is merely a scheme for hiding the problem for a while, at taxpayer expense. Yet Diebold praises it.

Diebold also echoes the familiar futurist complaint that people are short-sighted and fail to consider the long-term consequences of their actions. He blames the media for this. Again, he fails to recognize that the problem isn't short-sighted people but the perverse incentives that government establishes that reward people in the short term for actions that are destructive in the long term. Welfare is probably the most egregious example, but the low savings rate in America, which Diebold contrasts unfavorably with that in other countries, arises simply because the US tax system punishes saving and rewards borrowing (that is, using up other people's savings).

In summary, once he leaves the areas of technology and automation, which he knows well, Diebold stumbles badly. He identifies some genuine problems, but his proposed solutions miss the mark. This is because he fails to identify the true cause of the problems. Improving the *processes* by which the government intervenes in society can't help when the basic problem is government intervention itself. As economist George Stigler put it, "Whenever you see a problem which seems to cry out for government intervention, first look for the government intervention which caused the problem." Instead, Diebold looks for a more efficient *process* for government intervention.

Joseph Martino is a technology forecaster at the Research Institute of the University of Dayton.

Superpowers' Super Problems in Foreign Policy

By Leonard Liggio

Antipolitics, by George Konrad, translated by Richard E. Allen, San Diego: Harcourt Brace Jovanovich, 243 pp., $12.95

Endless Enemies: The Making of an Unfriendly World, by Jonathan Kwitney, New York: Congdon & Weed, 435 pp., $19.95

The United States is undertaking a second four years under Ronald Reagan with some consensus about the wealth-producing benefits of the free market. American foreign policy, however, remains the subject of intense disagreement, even within Reagan's own administration. Polls at election time showed a deep split among the supporters of President Reagan. Voters strongly supported his program to stave off tax increases and cut government spending. But many voters feared that there is an aggressiveness of spirit to Reagan's foreign policy that has nothing to do with American security. American interventions in the Middle East and Central America stood out.

Still, many Reagan supporters were impressed with the point made by Sen. Barry Goldwater (R-Ariz.) at the Dallas Republican convention: American participation in the four major 20th-century wars—World War I and II, the Korean War, and the Vietnam war—commenced under Democratic presidents. Yet the American academic and journalistic establishment seems blind to this fact.

In this atmosphere of confusion and disagreement, nothing could be more helpful than a fresh look at American foreign policy. Two recent books, George Konrad's *Antipolitics*, and Jonathan Kwitney's *Endless Enemies: The Making of an Unfriendly World*, mark a break from the stale foreign policy prescriptions of both conservatives and progressives.

George Konrad, a leading Hungarian dissident, is openly critical of the superpowers' Cold War, arguing that it strengthens Soviet domination over Eastern Europe. He proposes that Western and Eastern Europe work together against the influence of the superpowers.

Konrad recalls that in the October 1956 Hungarian revolution, youths chanted, "Soldiers from everywhere, go home and stay there." The rallying cry, believes Konrad, is even more relevant today. He proposes a positive European peace strategy to remove the superpowers' influence from Europe: "We Europeans can assure peace only if we detach ourselves from (the superpowers) militarily by mutual agreement, and then go on to draw the two parts of a divided Europe together." Indeed, there is some budding precedent for Konrad's proposal. Already, with strong support from Hungary, East and West Germany are defying Soviet party doctrine by establishing important new relations.

For Eastern Europe, Konrad seeks the neutrality and freedom enjoyed by Finland—the rule of law in place of "democratic centralism." He contends that democracy, pluralism, and the right to property are necessary to the evolution of peace and suggests that the Eastern European middle class will eventually imperceptibly swallow up the dictatorships. Dictatorships are self-defeating, and Konrad hopes that the power elites will see that reality.

Konrad recommends that the United States and the Soviet Union be challenged by Europe to accept a mutually beneficial business proposition. To achieve a developed economy, the Soviet Union must concentrate on consumer goods instead of military goods, a task made almost impossible given the current strategic situation. However, with the lead of Europe as arbitrator, the US and Soviet governments could negotiate mutual military withdrawals from European soil. US forces should return home, but so, too, should Soviet forces withdraw from European Russia to east of the Ural Mountains. While this and other proposals of Konrad's are not easily attainable, his fresh perspective as a European adds an alternative worldview to the current bipolar view of the US-Soviet conflict.

Konrad is a subtle writer, and his insight needs at times to be reread to grasp

the several levels from which he is viewing reality. Perhaps this subtlety is also due in part to the fact that he's writing under a Communist regime. But while Konrad writes with the illumination and the weight of history, Jonathan Kwitney's book has neither. Kwitney's *Endless Enemies* is clearly the work of an American and a journalist. Its straightforward prose reflects the freedom of America. But *Endless Enemies* also reflects the premises of American journalism, which are not necessarily grounded in reality.

Kwitney's subtitle, "How America's Worldwide Interventions Destroy Democracy and Free Enterprise and Defeat Our Own Best Interests," tells the story of his book. Its general theme might have been Herbert Hoover's or Robert Taft's of the Old Right.

Kwitney devotes much of his attention to African policy—specifically, American relations with the Congo, Nigeria, and Angola. He understands the central importance of tribal politics in Africa, which results in rival tribes always aligning themselves in opposite camps in the East-West confrontation. While his extensive examination of America's 25-year policy in the Congo is better done than most, it still lacks completeness. He focuses on Mobutu Sese Seko, who became president in 1965, rather than on other post-1960 political leaders.

Of special importance among these neglected leaders is Moise Tshombe, whom the United States and the United Nations repeatedly sought to overthrow, both when he was premier of Katanga Province, which seceded from the Belgian Congo when it gained independence in 1960, and when he became premier of the Congo itself in 1964. Kwitney criticizes the US support for Mobutu, who represented strong statist policies, against the forces of Patrice Lumumba, who fought for self-determination and so-called African socialism. But in Kwitney's haste to support self-determination, he completely misses the fact that Tshombe represented a third force, one that at once aspired to self-determination but *also* supported a relatively free economy.

Nevertheless, Kwitney does see the supreme irony in the case of the Lunda tribes of Katanga Province, who were pro-Western and supported free enterprise but who were driven into Portuguese Angola by the United States and the United Nations. They later returned to Katanga in 1977-78 to challenge their *statist* (but American bank-supported)

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enemy, Mobutu. America's policy in the Congo since 1960 clearly illustrates how the State Department and the Central Intelligence Agency repeatedly defeat America's own best interests.

America's Middle-East policy, especially with reference to Iran and Afghanistan, is subjected to valuable analysis by Kwitney. He summarizes the details of a plan by Nixon and Kissinger for Iran and Saudi Arabia to pay for expensive weapons by raising oil prices. They could thus buy American weapons in large enough quantities to reduce their unit costs.

Kwitney observes, but could have elaborated further on, the role of the shah of Iran in destabilizing Afghanistan. The shah overthrew Afghanistan's king in 1973 and then used OPEC price increases to finance massive projects in Afghanistan, replacing the Soviet Union as that country's major source of foreign aid. The shah's policy involved suppression of Afghan Communists, one of whose factions was strong in the Soviet-trained army. Consequently, the Communist factions overthrew the pro-Iranian innovators and then began cutting one another's throats until the Soviet army intervened in 1979 to salvage the few remaining Communists.

Like most journalists, Kwitney lacks historical knowledge of the areas about which he is writing. This is particularly a problem with his sections on Latin America. The general tendency of commentators has been to complain that current problems in Latin America can be traced to the lack of US foreign aid in the past, which turns local populations into communists. However, communists develop in Latin America not from too *little* American involvement but from too *much*.

It is no accident that the two Latin American countries with Communist regimes are the two that have experienced the most American involvement. Nicaragua and Cuba have been subjected to more "good government" election reforms, health and sanitation projects, education programs, and so on than any other Latin American countries.

Kwitney is correct to score America's foreign policy for bolstering authoritarian regimes, thereby actually hindering the development of free markets and democracy in the rest of the world. But, like so many other journalists, he fails to understand *why* the United States supports such regimes. In fact, it should come as no surprise that the United States intervenes in behalf of authoritarian forces and even (as in the case of Tshombe in the Congo) against those fighting for democracy and free markets. Support for statist regimes arises because the US government itself is an enemy of capitalism. Its policies, both at home and abroad, are those of a welfare state in which a strong central government and economic intervention are the norm. American foreign policy, as described by Kwitney, is not an aberration or mistake but merely a logical extension of the American welfare state. Because Kwitney does not understand this, his discussion, especially of Latin America, must be read with caution.

A Nicaraguan anticommunist guerrilla: The two Latin American countries with Communist regimes, Nicaragua and Cuba, are the two that have experienced the most American involvement.

In his concluding chapter, Kwitney notes the impossibility of accepting the labels placed on foreign regimes by the US government. Noting the differences between the former French Congo (Brazzaville) and the former Belgian Congo (Zaire), which are divided for 650 miles by the Congo River system, he remarks:

> On the northwestern bank is the People's Republic of Congo, which in 1963 proclaimed itself the first Marxist-Leninist state in Africa. It still flaunts that label. Across the river to the southeast is Zaire, a drumbeating Western ally. It isn't surprising, therefore, that people constantly cross the river seeking economic freedom.... What the American foreign policy establishment might find hard to understand, however, is the *direction* in which these people, and many others, cross the river. They are leaving the purportedly free capitalist country of Zaire, which is, in fact, a totalitarian state that seeks to control all economic activity above the subsistence level. And they are coming to the purportedly communist country of Congo, which, in fact, has discovered the benefits of the free market. The Congo isn't, of course, a democracy or laissez-faire country.... But both economically and politically, the Congo is much freer than Zaire.

Kwitney continues his analysis:

> The contrast between the Congo and Zaire reflects a worldwide disparity between big-power perceptions and local actualities.... Despite its pro-Western label, the Zairian government spurns Western values. Government boards claim monopoly rights to all mineral resources. Marketing constraints discourage agricultural production.... The Zairian form of government was described by one Peace Corps volunteer there as a 'kleptocracy.' By contrast, the Congo allows considerable free commerce.

It is an example of Kwitney's lack of depth that he is not aware that Stanislav Andreski has addressed the issue of 'kleptocracy' (a regime of plunder) in his books *Parasitism and Subversion* (which deals with Latin America) and *The African Predicament*, both recommended to free-market readers. Despite this lack of depth and other minor faults, *Endless Enemies* is must reading for anyone who wants to better understand American foreign policy.

Historian Leonard P. Liggio is president of the Institute for Humane Studies in Menlo Park, California.

Who Burst the Braniff Bubble?

By John Doherty

Splash of Colors: The Self-Destruction of Braniff International, by John J. Nance, New York: William Morrow, 426 pp., $16.95

On the premise that a book worth burning is a book worth reading, commercial success should be assured Braniff pilot John Nance's insider account of his airline's failure. In July 1984, American Airlines bought and destroyed the entire first printing of the book because they objected to numerous allegations that American Airlines used "dirty tricks" to tip Braniff over the

edge. But while dirty tricks make good gossipy reading, the book is of particular value because it lays to rest any contention that airline deregulation caused Braniff to fail.

When Congress passed the Deregulation Act of 1978, Braniff chairman Harding Lawrence believed the act would be repealed when Congress realized they'd made a mistake—and Lawrence was convinced that deregulation was a mistake that would lead to chaos. But while routes were up for grabs, Lawrence decided to grab as many as he could. Then when Congress called a halt to free access to markets—as Lawrence was sure they would—Braniff would be "grandfathered" into the routes it had grabbed.

Thus did Braniff set off on a course of willy-nilly, we-don't-care-where, cost-is-no-object expansion. The firm had accumulated a debt of $288 million in its first 30 years. In the three years following deregulation, it borrowed $451 million to finance the expansion. Had the gamble paid off, Braniff would have been transformed from a regional airline into one of America's biggest, and Lawrence would have become an aviation legend.

Everything turned against the Braniff gamble. Fuel prices, which account for about a third of an airline's operating costs, doubled. A deep recession hit, and passenger loads dropped. Interest rates headed for the stratosphere. Unable to fill seats, stuck with paying top dollar for fuel in the spot market (because they didn't have long-term contracts on their new routes), unable to sell airplanes because other carriers were suffering from the same problems, Braniff was losing $400,000 a day by 1981. Braniff executives made frantic efforts to stanch the flow, but they might as well have been dumping bushel baskets of $1,000 bills into the East Texas wind. On May 12, 1982, Braniff brought its airplanes back to company headquarters in Dallas and quit.

Deregulation didn't shoot Braniff down. It was a foolish gamble by a chairman who was accustomed to being coddled by the Civil Aeronautics Board (CAB) and who couldn't imagine that a free market in air transport would work.

Nance, like thousands of his former fellows at Braniff, is an ex-airline employee with almost no chance again of being the employee of a major airline. Those lucky ones who do have a chance must start over at the bottom. Over the years, airline unions have negotiated contracts that provide a degree of security—but what keeps one employee "in" keeps another potential employee "out." For instance, if an airline finds it needs more 747 captains, it is contractually obligated to train pilots for the job from those on the airline's seniority list, even though fully qualified captains might be readily available in the job market.

Employees at a failed carrier, especially those over 35 or so, find their careers ruined, with little chance of continuing with another company, even though a particular individual might be highly competent and almost certainly had nothing to do with the carrier's failure. In sharp contrast, airline managers who aren't represented by unions—even managers who may have participated in the failure of a carrier—routinely shuttle from one airline to another, moving between jobs with similar pay and responsibilities.

Nance likens the situation to a ship with the officers of the corporation making critical decisions on the bridge while the contract employees are locked up in the hold. If the officers make a mess of things, they hit the lifeboats and row for the next ship they see, where they get

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new jobs. The contract employees go down with the ship, innocent victims. The metaphor is revealing as far as it goes, although Nance might have added that being locked up in the hold was the employees' idea.

Certainly regulation contributed to the evolution of these "pull-up-the-ladder" kinds of labor contracts. Braniff was the first major carrier to fail since the CAB was created in 1938—the CAB kept weak carriers flying by granting them lucrative monopoly routes or merging them with stronger companies. Employees just didn't worry about their companies failing.

That is all changed now, of course. Contract workers are realizing that the linchpin to job security is the health of their own companies, although unions are still light-years from accepting the kind of flexibility in horizontal moves between companies that managers enjoy. But the clear distinction between labor and management is beginning to blur as companies trade stock, profit sharing, and board directorships for work-rule concessions the market is demanding.

None of the carriers that have sprung up since deregulation has the kind of exclusionary contract that the older carriers have. And it is likely that as the supply of skilled airline workers continues to tighten, we'll see employees making horizontal moves as companies bid for each other's workers and as employees seek employers offering the best combination of pay and job security.

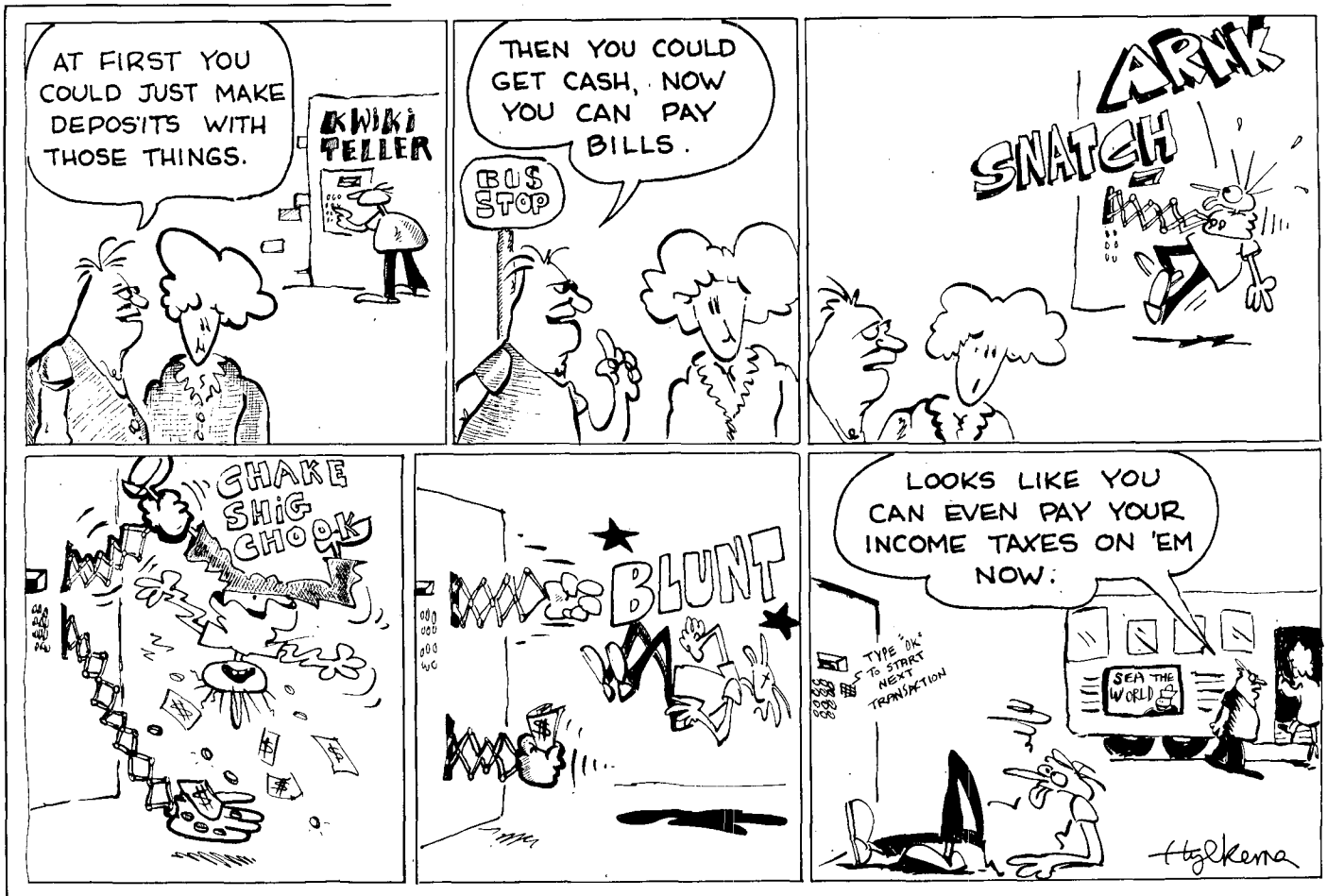
Nance offers insight into another change brought by deregulation—the change in workers' attitudes toward their employers and toward the public. In the past, "helping each other for the good of the company was a foreign, laughable concept to too many," as Nance puts it. But in a competitive marketplace, "no single employee, whether he or she happens to be pushing a broom or running the Board of Directors, can afford the luxury of saying, 'That's not my job' when it comes to luring and pampering the individual passenger...neither union contracts nor union work rules can be allowed to eclipse the absolute necessity for each employee to accept eagerly the individual responsibility for the ultimate success or failure of the company."

Finally, the Braniff failure demonstrated the power of the individual consumer. Consumers delivered the coup de grâce to Braniff because, in hundreds of thousands of individual, unconnected decisions, they smelled something wrong and bought tickets elsewhere. As one New York travel agent put it at the time, "The public is very, very smart."

John Doherty, an airline pilot, won the Washington Monthly Journalism Award for his REASON article "Collision Course" (June 1982).

rudebarbs

Randall K. Hylkema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letters

(Continued from p. 8)

extent, revolutionary socialism for gradualist socialism and aspire after wily Willy Brandt. They know enough not to rile everyone by using "that word" (*socialism*). They admit when they have clearly been wrong! They admire John Kenneth Galbraith! You can watch porno and smoke hash afterwards! What a brave new world.

To be a bit more serious, it was disappointing to read someone in REASON who seemed to have such difficulty recognizing the difference between the short-term tactics and the long-range goals of a group of politicians. And only someone ignorant of the left-wing origins of both Italian and German fascism would express a sense of irony in finding that Spanish fascism owned or controlled business.

I suggest that we start a fund, a small fund really, to procure for Mr. Perez a copy of F. A. Hayek's *The Road to Serfdom* and a copy of Paul Johnson's *Modern Times*.

James Hutchins
Somerville, NJ

For the Record

Upon reading the final version of an article printed under my name ("Congress's Conservative Young Turks," April), it became necessary to ask, "Is it genuine, or another case of *ideological* opportunism by the magazine?" The article contains nine paragraphs inserted by REASON's editors which were never written by the "author," as well as a number of other substantive changes from the last draft I submitted to the magazine....

For the record, this writer favors covert assistance to the Nicaraguan *contras*, preventive detention in limited circumstances, and US military participation in NATO. This libertarian conservative is pro-life and also puzzled by REASON's sensitivity to the business risks that are faced by marijuana entrepreneurs.

The Conservative Opportunity Society movement is not monolithic. Many of its members vote "right" most of the time. Its present growing pains and conflicts stem from political opportunism, which leaves most of its leadership long on no-risk promises in general terms and short on detailed choices that would alienate any identifiable constituencies.

Tom Miller
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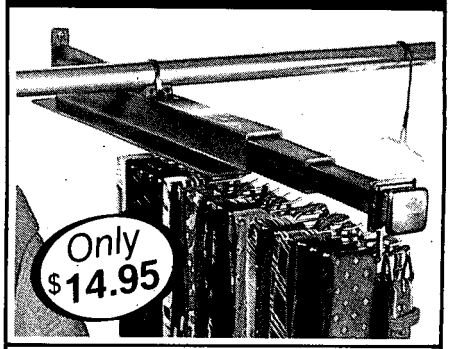

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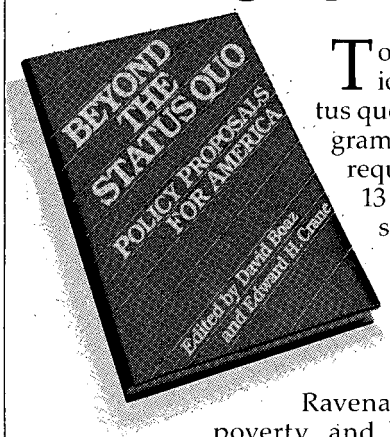

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SCENIC FLATHEAD LAKE getaway available as short-term rental to well-behaved small groups (probably three or fewer). Completely furnished with electricity, but no indoor plumbing. Flathead Lake is one of the cleanest and biggest in the West, two hours from Glacier National Park and countless other wonders. Della Scott, Box 2104, Kalispell, MT 59903; 406/755-3072.

Services

STAY OUT of government courts. Retired libertarian judge available as contract engineer, mediator, and arbitrator. John Sandler, P.O. Box 1053, Fairfax, CA 94930; 415/457-2281.

WILDERNESS CANOEING ADVENTURE for all ages in Maine and Canada. Three-week teen adventure! Shorter trips for adults, families. Allagash Canoe Trips, Greenville, ME 04441; 207/695-3668.

YOUR ESSENTIAL INVESTMENT in uncertain times: land, energy-efficient house, garden, with skilled knowledgeable neighbors, in stable rural setting. Self-Reliant Life Seminars. Ponderosa Village, R1, #17-24, Goldendale, WA 98620; 509/773-3902.

RATES: *75 cents per word, $10.00 minimum. Telephone numbers count as one word; box numbers count as two words. Add $1.50 per insertion for REASON box number.* ***Payment must accompany all orders.***

DEADLINE: *Copy must be received by the first day of the month two months prior to issue date (e.g., advertising for the March issue, which is mailed in February, should reach us by January 1).*

PAYMENT: *Check or money order should be made payable to REASON and sent to REASON Classified, Box 40105, Santa Barbara, CA 93140-0105.*

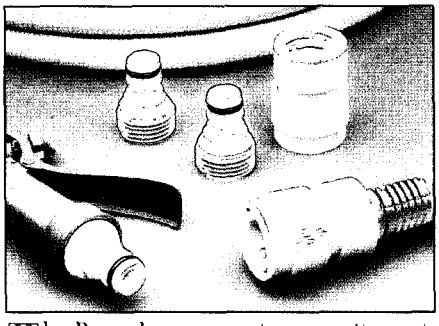
THE CLASSIFIED AD DEADLINE FOR THE JUNE/JULY ISSUE IS MAY 1.

ESSENTIALS FOR *Gardening*™

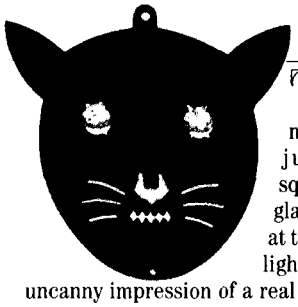
FINE CONTEMPORARY MAILORDER TOOLS TO HELP YOUR GARDEN GROW

People and plants need each other. Indoor pots or outdoor plots, plants thrive upon human attention — just as we flourish by coaxing beauty and bounty from the dark and silent earth. Whether you are a green beginner, or an experienced green-thumb, here are the essential tools for the well-equipped gardener.

A BETTER CONNECTION



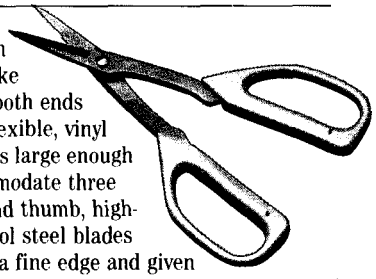
The Barco hose connectors permit you to connect two lengths of hose or add accessories without first turning off the water. No threading required, just snap the male and female connectors together. Waterflow shuts off automatically when disconnected. They are superior quality items made of highest grade plastic and extremely weather resistant. We offer a set of five snap connector pieces (2 female, 3 male — enough so you can switch accessories at hose end) for just **$8.00** ($1.95) #A843.



LE CHAT NOIR

These silhouette pressed metal cat faces, just under 6″ square, have clear glass eyes that glint at the slightest bit of light and create an uncanny impression of a real cat. Hung in the garden, they keep pests away from your delicacies. Imported from France, *Le Chat Noir* is **$11.00** ($1.95) #A699. Two for **$15.00** ($2.95) #A6992.

SUPER SNIPS

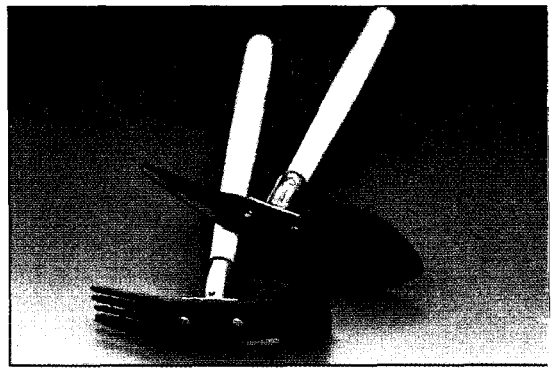


These garden snips, make sense at both ends — soft, flexible, vinyl hand grips large enough to accommodate three fingers and thumb, high-carbon tool steel blades honed to a fine edge and given a black anti-rust finish. The slender pointed 2″ blades are perfect for slipping into dense growth to reach just the stem you want, yet sharp and strong enough for clean trimming and painless pruning. Superbly crafted by Joyce Chen for **$10.00** ($2.95) #A902.

HOUSE HOSE

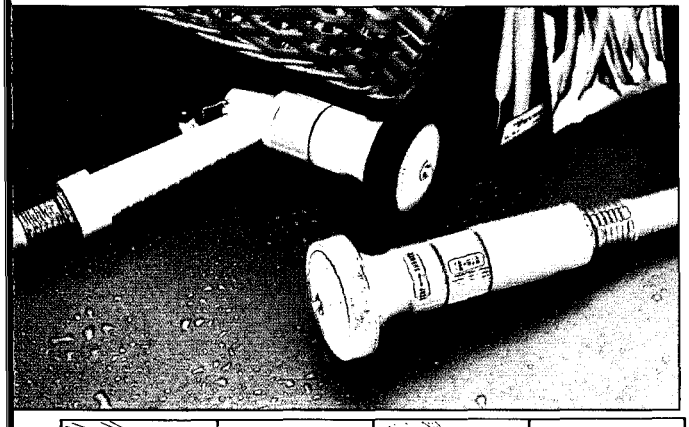
Do your houseplants run you ragged, back and forth, trip after trip, watering can in hand? What you need is an indoor garden hose to water them all in a single trip. The 50′ House Hose lets you take a splashless stream of water where you want it, with on/off and adjustable flow control right at the handle. Separate misting attachment. This improved House Hose comes with dripless adapters to fit most kitchen or bathroom faucets. Special hose tends to recoil after use, simplifying put-away. **$14.00** ($2.95) #A1254. Two for **$25.00** ($3.95) #A12542.

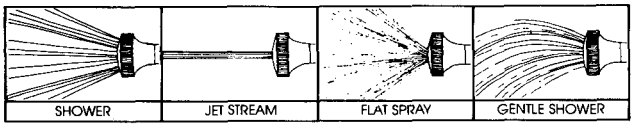
LIFETIME GARDEN TOOLS



This cultivating set, with combination heads — shovel, pick, weeder, and chisel chopper — will take care of just about any planting, weeding, rooting, cultivating, edging or cleaning job you have. (Campers can use them to dig fire pits and to trench tents, among other things.) These implements are light and their size is scaled for convenient hands-and-knees handling. The hardened steel heads are secured on 15″ ash handles with sure-lock tops. They are also so well made that they really do come with a *lifetime* guarantee. If you like gardening now, treat yourself to these fine tools and see how much better it gets. Cultivating sets are **$21.00** ($2.95) #A545.

FLOW CONTROL HOSE NOZZLE





The Nozzle Five hose allows you to set the water flow to any of five positions. Use the shower setting for heavy watering, gentle shower for potted plants, flat spray for misting foliage and the jet stream for force cleaning patios, decks and gutters. The fifth setting is a convenient stop action. Nozzle Five is constructed of durable, non-corrosive plastic for **$11.00** ($1.95) #A481. Two for **$18.00** ($2.95) #A4812. We also offer the Nozzle Five hose nozzle with the advantage of a pistol grip (left) which gives you even more control over water flow. **$14.00** ($2.95) #A1046.

ORDERING INSTRUCTIONS AND GUARANTEE: *We ship via United Parcel Service wherever possible to insure prompt delivery. The price of each item is shown followed by its shipping and handling charges in ( ). Be sure to add the item price* ***plus*** *shipping and handling charges for each item ordered to arrive at the* ***total price*** *of each item. If you are not satisfied for any reason, return the article to us within 30 days, and we'll exchange it or refund the item price per your instructions.*

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(Sorry, we cannot handle Canadian, foreign or C.O.D. orders.) Please allow 30 days for delivery from our receipt of your order.

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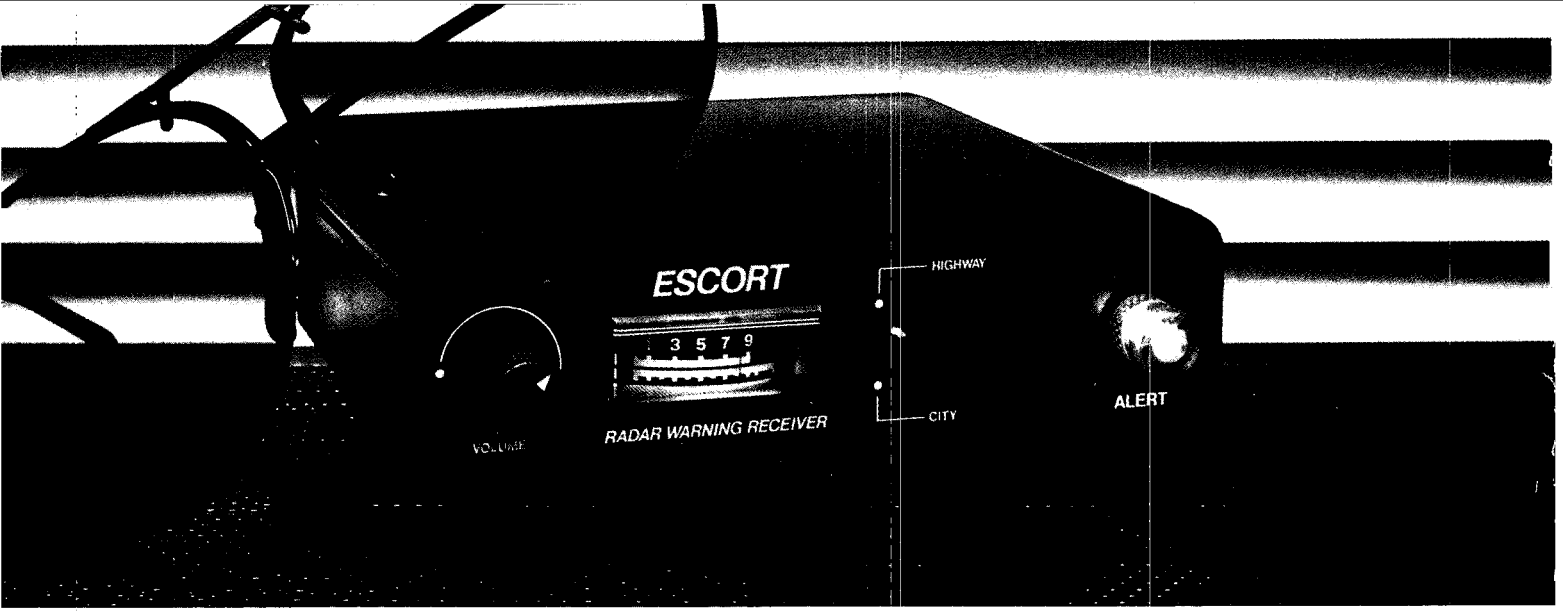

In Japan, where high-tech electronics are a way of life, they pay $714.93 for an American-made radar detector

(You can get the same one for considerably less)

Even we were a little surprised. All we did was build the best radar detector we knew how. We shipped our first ESCORT in 1978, and since then we've shipped over 600,000. Along the way the ESCORT has earned quite a reputation—among its owners, and also in several automotive magazines.

Credentials

Over the past five years, *Car and Driver* magazine has performed four radar detector comparison tests. Escort has been rated number one in each. Their most recent test concluded "**The Escort radar detector is clearly the leader in the field in value, customer service, and performance . . .**" We think that's quite an endorsement.

Our Responsibility

One of the reasons for our reputation is our attention to detail. If we don't feel we can do something very well, we simply won't do it. That's why we sell Escorts direct from the factory to you. Not only can we assure the quality of the ESCORT, but we can also make sure that the salesperson you speak to is knowledgeable. And if an ESCORT ever needs service, it will be done quickly. And it will be done right.

50 States Only

And that's the reason we don't presently sell ESCORTs outside of the United States. Even in the countries that use identical radar (Japan and Australia, to name two) we know that we couldn't provide the kind of customer service that ESCORT owners expect. So we pass up the additional sales rather than risk our reputation.

"Dear Sir..."

So we'll admit we were surprised when a letter from one of our customers included an advertisement from a Japanese automotive magazine. The ad pictured an ESCORT, and the price was 158,000 yen. Our customer was kind enough to convert that to U.S. dollars. Using that day's rate of exchange, an American-made ESCORT was worth $714.93 in Japan. Further translation revealed the phrase "**The real thing is here!**" and warned against imitations.

This ½ page ad was a total surprise.

Econ 101

Needless to say, we were flattered. We knew that ESCORT had an impressive reputation, but we never expected to see it "bootlegged" into other countries and sold at such a premium. But the laws of supply and demand are not so easy to ignore. When there is a strong need for a product, there is an equally strong incentive for an enterprising capitalist to fill that need. And apparently, that's just what happened.

Easy Access

Of course, it's easy for you to get an ESCORT—just call us toll-free or write us at the address below. The price is the same as it's been for the last five years: $245. Quite a deal for what the Japanese must think is the best radar detector in the world.

Try ESCORT at no risk

Take the first 30 days with ESCORT as a test. If you're not completely satisfied return it for a full refund. You can't lose.

ESCORT is also backed with a one year warranty on both parts and labor.
ESCORT $245 (Ohio res. add $13.48 tax)

TOLL FREE.....800-543-1608
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By mail send to address below. Credit cards, money orders, bank checks, certified checks, wire transfers processed immediately. Personal or company checks require 18 days.

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Tune in "Talkback with Jerry Galvin." America's new weekly satellite call-in comedy talk show. Sunday evenings on public radio stations. Check local listings.

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